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## CONTENTS

21 October 1992

### CZECHOSLOVAKIA

Klaus Considers Current, Future Policies	<i>[LIDOVÁ DEMOKRACIE 10, 11 Sep]</i>	1
Interior Ministry Faces Shake-Up Under Ruml	<i>[METROPOLITNI TELEGRAF 11 Sep]</i>	4
Czech Commentator Views Meciar's Intentions	<i>[REFLEX No 36, 1992]</i>	5
Poll Indicates Majority Favor Partition	<i>[MLADA FRONTA DNES 30 Sep]</i>	6
'Central European Republic' Suggested as New Name	<i>[MLADA FRONTA DNES 18 Sep]</i>	7
Prospects for Completion of Temelin Weighed	<i>[SVOBODNE SLOVO 16 Sep]</i>	7
Speedy Division of Armed Forces Advocated	<i>[METROPOLITNI TELEGRAF 16 Sep]</i>	7
Plans for Creating New Czech Army Discussed	<i>[CESLY DENIK 23 Sep]</i>	8
Current Joint-Ventures Situation Viewed	<i>[EKONOM 4-10 Sep]</i>	9
Director on Future of CSFR Railroads	<i>[SVOBODNE SLOVO 15 Sep]</i>	15
Outsider Response to Slovak Constitution Noted	<i>[SLOBODNY PIATOK 11 Sep]</i>	16
Slovaks Favoring Federation Said To Need Support	<i>[LIDOVE NOVINY 24 Sep]</i>	17
Slovaks Value Achievements of Socialist Period	<i>[MLADA FRONTA DNES 30 Sep]</i>	17
Slovak Rightist Parties Attempting Merger	<i>[METROPOLITNI TELEGRAF 11 Sep]</i>	18
Former Prime Minister To Teach at New University	<i>[CESKY DENIK 28 Sep]</i>	18
New View of Nutrition Slow in Reaching Population	<i>[RESPEKT No 36, 1992]</i>	19

### HUNGARY

Csurka Defends Views in DER SPIEGEL Interview	<i>[Hamburg DER SPIEGEL 12 Oct]</i>	22
Government Submits Property Policy Guidelines	.....	23
Delayed 1992 Guidelines	<i>[HETI VILAGGAZDASAG 19 Sep]</i>	23
1993 Guidelines Described	<i>[HETI VILAGGAZDASAG 26 Sep]</i>	24
Stock Exchange Law, Activities Discussed	.....	24
Legal Provisions Analyzed	<i>[HETI VILAGGAZDASAG 5 Sep]</i>	24
Trading Systems Described	<i>[HETI VILAGGAZDASAG 5 Sep]</i>	26
State Oil Company's Market Situation Viewed	<i>[KOZTARSASAG 4 Sep]</i>	27

### POLAND

Selected Issues of Small Constitution Discussed	<i>[PRAWO I ZYCIE 26 Sep]</i>	32
Bilateral Relations With Lithuania Discussed	<i>[RZECZPOSPOLITA 24 Sep]</i>	34

### ROMANIA

Newly Elected Members of Senate	<i>[ADEVARUL 10 Oct]</i>	37
Newly Elected Members of Chamber of Deputies	<i>[ADEVARUL 10 Oct]</i>	38
Statistics on AIDS, HIV in Bucharest	<i>[ROMANIA LIBERA 5 Oct]</i>	42
Cernavoda Plant To Operate by End of 1994	<i>[TINERETUL LIBER 25 Sep]</i>	42

### SLOVENIA

Problems in Relations With Neighboring States	<i>[DELO 26 Sep]</i>	44
Law on Electoral Districts Explained	<i>[DELO 29 Sep]</i>	46

**Klaus Considers Current, Future Policies**

92CH0952A Prague LIDOVA DEMOKRACIE in Czech  
10, 11 Sep 92

[Interview in two installments with Prime Minister Vaclav Klaus by Eva Roleckova in the first installment and Alena Vlckova in the second installment; place and date of interview not given: "LIDOVA DEMOKRACIE Asks: Is Vaclav Klaus a Pragmatist? Let's Get Used to the Idea That We Will Be Smaller"]

[10 Sep pp 1, 3]

[Text] "I did not even grant the TIMES as long an interview," CR [Czech Republic] Prime Minister Vaclav Klaus told us when we finished an interview lasting more than an hour about present political and economic problems. Well, let's face it, a journalist will grasp any opportunity by the horns. So, instead of the originally planned single interview with two interviewers, we have two interviews with a single interviewee: about present politics and about economy in the future. We are adhering to the saying that information, which falls by the wayside or disappears altogether, is wasted. Today, we will dip into the constitutional barrel:

[Roleckova] You are the leading man in the state that is being created and will have a decisive say in restoring Czech statehood, at least until the issue of the office of the Czech president—and who is to fill it—has been resolved. On what would you like to base the creation of Czech statehood, what do you believe is essential for it, and what would you give it that it has lacked so far?

[Klaus] I keep hearing views on the fact that we should define Czech national interests, the interests of the Czech Republic, and Czech statehood all the time. I believe this view is rather flawed. Defining national interests is a long-term proposition with which political scientists and historians will struggle for many generations, and it is probably useless if a few politicians try to define something like that in advance. National interests are not a neatly tied package, which we can pick up, untie, and read. They are created in a specific situation and are linked to specific problems.

[Roleckova] I did not think up this problem. The Slovaks criticized us for devoting too little attention to Czech statehood, and ultimately such views also started to come from the groups of politicians close to the Czech Government....

[Klaus] I know, but I do not believe that this issue should be emphasized too much. Everyone knows that the Czechs would like to live in a well-functioning federation, and therefore it is absolutely logical that in past years under totalitarianism and then during the years when the transformation was beginning it had no reason to work on the Czech constitution. We really had no intrinsic need for it, which is an objective fact, and therefore it is completely logical that the Slovak Constitution was created first. There is no shame in admitting that we are simply reacting to steps taken by the Slovaks in these matters. After all, we were not originally the ones

who wanted the breakup of the republic, though the opposition often accuses us of it now. We are defining our institutions as we go along, and we are beginning to be aware of Czech interests as the Czech Republic is beginning to be established. Obviously the whole process will take some time.

[Roleckova] Do you think that some historical tradition provides us with such a favorable foundation that we do not have to concern ourselves with it? That, to a certain extent, we are "above the issue"?

[Klaus] We have to concern ourselves with it. But I would like to make a distinction between two levels: The level of political science, history, literature, and philosophy in the sense of the foundation for human thinking—these disciplines will continue to concern themselves with the matter of Czech statehood for decades. And then there is the level of practical politics. I think it would be pointless to ask politicians to write a definitive essay on the topic of "Czech statehood" and to examine all its qualities at this time.

[Roleckova] We will be a small state on a promontory between prosperity and commotion. From this point of view, what will our greatest task be and what problems do you expect?

[Klaus] Let us pause at the words you used: primarily, "small state." That is a very important issue and we still have not realized it, we still have not appraised the fact that we will be smaller and weaker. We still have to experience it. I read an article on that subject in FRANKFURTER ALLGEMEINE, where the term "verkleinerung" [diminution] caught my attention as it is a more expressive term than the Czech word "zmenseni" [reduction in size].

[Roleckova] Diminution?

[Klaus] Exactly, but we still have to experience it, it is not a matter for analytical thoughts. If someone tells you that the water is cold, it is one kind of information. But until you jump into that water, you really will not know just what cold water means. Next, you said that we would be "between." I would be very happy if we were not "between" anything. I would like the speed of our social and economic transformation to continue, or even to increase, so that we would not be "between" but on the side of prosperity. Then you used the word "task." I do not believe that we should want to take on any greater task that would be beyond us, especially in foreign policy. That was a dream of Czech politics, which has never succeeded. In this context, I am circumspect. I am considered to be ambitious, and therefore, in my case, this is not defeatism, I am not giving up on anything beforehand, but I am aware of the reduction in size and I am aware of the transformation problem. And I realize that our ambitions after November 1989 were unreasonable in the context of Europe and the world....

[Roleckova] But if we think back to our school years, we realize that we very seldom set ourselves tasks. We were given the tasks, they fell to us....

[Klaus] That does not change anything in what I have said. Let us conclude the transformation and then this country will be able to live as it wishes.

[Roleckova] You are in close contact with European politicians, for example, John Major, the former British Prime Minister M. Thatcher, and H. Kohl. What do these people think about the creation of the Czech Republic and its status in Europe?

[Klaus] It is not by chance that you named politicians with rightist views, Anglo-German politicians. They are pragmatic politicians. They take the world as it is, and therefore they understood the problems facing posttotalitarian countries. You did not, for instance, mention French politicians who, rather than living by what is, live by what should be. That is probably the fundamental difference.

[Roleckova] You used the word pragmatism. You are called a pragmatic politician, but I do not believe that that is quite correct. A realist accepts facts as they are. A pragmatist, aware of the impenetrability of facts, saves what is essential: things that can be measured and weighed. Are you really a pragmatist?

[Klaus] You are asking several questions at once. First about pragmatism: Repeatedly I have to confront the question as to what blind pragmatism is. This is the name given to an approach to the world that lacks a concept, lacks higher values. I have never advocated a process where we do not know where we are going or what we are aiming to achieve, to the contrary, one always has to have an aim in mind. Furthermore: Why such emphasis on pragmatism? Foreigners, in particular, find it difficult to understand because, in their view, it means a gasping system with no long-term vision. But in our country, emphasis on pragmatism means something different. In the post-November era we lived in a world of revolutionary naivety; there was a lack of pragmatism, and therefore our pragmatism is more a response to the former lack of it with no consideration given to the presence or absence of a higher ideal.

[Roleckova] How satisfied are you with the relations within the governmental coalition?

[Klaus] I am satisfied, although from time to time some grating sound can be heard because others also wish to be seen and heard.... At this time I do not see any problems on the government level, everyone there is working very hard. There is more time for lobbyist discussions in parliament, and naturally grating sounds can be heard more frequently during discussions at coffee breaks, but that is logical.

[Roleckova] At this time, the focus is on so-called economic departments. How satisfied are you with the concepts of others—primarily education and culture? Have they not been left by the wayside to some extent?

[Klaus] I do not want to comment on the focus of attention in the news media, I can only speak for myself. I am trying to work my way through all the ministries and to discuss their problems with a wider group of

leaders, perhaps 20 or 30 people. For instance, recently I was at the Ministry of Health, which is not an economic department. And it has been arranged that my next half-day visit will be to the Ministry of Culture. All ministers have been invited to submit a plan for their departments, a kind of document of ideas as to how they intend to elaborate the government declaration in their area. I do not believe that any departments are being neglected on the part of the government....

[Roleckova] Do you expect to have a further round of talks with the HZDS [Movement for a Democratic Slovakia]?

[Klaus] As long as a common state exists, it will be necessary to continue intensive talks with the Slovak representatives. Any further development in the division of the CSFR cannot be done on the basis of unilateral actions.

[Roleckova] A Conservative League has been founded. However, the ODS [Civic Democratic Party] did not participate, although an ODS representative had been present at the talks in August. We have now heard from the chairman's table that the ODS is not interested in forming coalitions with other political entities. Has your attitude toward the efforts of these small parties changed since August and, if so, why?

[Klaus] I find this kind of interpretation of the ODS's actions to be totally unfair considering the fact that before the elections the ODS was the only party to form any kind of coalition, and that was with the KDS [Christian Democratic Party]. Other parties talked about coalitions but they did not form any. As a result, I consider criticism of our party to be inappropriate.

[Roleckova] It was not a criticism on my part, but a question....

[Klaus] We have always considered the disunity of the right wing to be a shortcoming; we tried to remove it and we offered various forms of relations with the ODS on all levels...and, furthermore: If we receive an invitation from these rightist parties four days before the meeting, by which time we have already arranged a number of other meetings, our nonparticipation cannot be interpreted as unwillingness to cooperate. That would be a cheap shot.

[Roleckova] Why, actually, does the Czech Government not include a single woman? Couldn't you find a single suitable one among four government coalition parties?

[Klaus] We were horrified when we realized this after everything has already been set up. I don't think it was the fault of the men who took part in setting up the government. It was simply that no obvious, incontestable woman candidate emerged. If, at this time, we were to try to appoint a woman, it would seem artificial. It would not be a spontaneous process, reflecting that this individual is the best candidate for the specific job.

[Roleckova] I am not asking this as a feminist. In fact, by doing this, you recognized a woman to be a citizen. I

have one last question: You have always said that the ODS believes that V. Havel is the only possible candidate for the office of federal president. Does this still apply to the office of the next Czech president?

[Klaus] Yes.

[Roleckova] Thank you for the interview.

[11 Sep p 5]

[Text]

**Complication—Bankruptcy Law: Prime Minister Vaclav Klaus Talks With LIDOVE DEMOKRACIE About Problems in the Economy**

There were a number of economic questions we wanted to pose to the prime minister of the Czech Republic, Vaclav Klaus, but the time allotted to the interview, which we exceeded anyway, only allowed for some of them; so to speak, something from each barrel:

[Vlckova] On 1 October the Bankruptcy Law goes into effect. A number of enterprises in the secondary stage of insolvency will be threatened with bankruptcy. Is another postponement of the date on which the law goes into effect being considered?

[Klaus] We are considering it and will be dealing with it at the meeting of economic ministers. (On 8 September we decided that we would suggest postponing the date on which the law goes into effect.) The Bankruptcy Law poses an enormous complication. I have to admit that I was already annoyed when this law was being discussed, because it was passed as if we were living in a normal country where the continuity of the development of a market economy had proceeded without interruption. At the time, I fought futilely to have the law passed as a bankruptcy law for the period of economic transformation, and not as a law suitable for present-day Norway or Switzerland, in brief, for developed Western countries. Unfortunately that did not happen. The legislators made a Solomon-like decision and passed a neutral, fair-weather law—when one hears at most one thunderclap—and postponed the date of its validity by one year. Essentially it was a nonsolution, the avoidance of responsibility, and I believe that we will have major problems with it. Now, of course, they are blaming each other; the enterprises blame the banks, and the banks blame the enterprises. Each of them are seeking a solution, to the detriment of the other. There is no question of getting help from above. Let's face it, where should it come from?

[Vlckova] At the very beginning of privatization, you refused to divide money into clean money and dirty money. In practice, during the small privatization auctions, it became apparent that, lamentably, there is no law on documenting where the money came from. After these experiences, has any thought been given to passing it after all?

[Klaus] I never said that clean money and dirty money did not exist. I have protested this accusation a hundred times. All I said was that, realistically, it is extremely

difficult to separate, to precisely distinguish, clean and dirty money. That's a big difference. Unfortunately, social demagogic and some news media stubbornly reiterate the first version and not the second. We have a problem in defining the boundary between clean and dirty money because I believe that, irrespective of what criterion we choose, we would not catch the true culprits, we would merely immensely complicate the whole process, and we would make small privatization practically impossible. We would get into a total impasse of endless legal suits, which would not uncover anything anyway on a mass scale. Where does dirty money start? In the consciousness of us all it is, for instance, money exchanged somewhere round the corner. But I always say—if, for 20 years, someone was professor of Marxism-Leninism at a university, the head of the department and, in addition, he had similar ties to the Academy of Sciences, he was a member of five editorial councils, he published three books a year, he had a salary 10 times higher than any of us, and he saved a million Czech korunas and used them in small privatization, can you definitively state that this money is clean? I am terribly afraid of such arbitral divisions, because they would give rise to malice and dissension.

[Vlckova] So the law on documenting where money came from is not expected to pass?

[Klaus] No. Practically speaking, zero plus zero still equals zero, and privatization would be made more complicated. We passed a number of things, we made the banking laws more complex, but the key has to be the normal work of the tax offices and not one-time lawsuits or thousands and tens of thousands of drawn-out court cases, which would solve nothing.

[Vlckova] Not dividing coupon privatization until the second wave is proving not to be very popular among the Czech public. It is very clear that the Slovak IPF [Privatization Investment Funds] and individual Slovak DIK's [coupon investors] are showing much greater interest in the shares of Czech enterprises than the other way round. How will this disproportion be dealt with?

[Klaus] We first have to calculate this disproportion. We must ascertain whether it is large or small and whether it can be ignored or not. So far, no decision has really been made, and therefore I would not like to make any of the participants in coupon privatization uneasy by giving any unverified, unprepared information. The processes of the second wave, naturally, will be separate.

[Vlckova] On an academic level, the political representatives of both the Czechs and Slovaks talk about the civilized separation of the republics. Aren't you afraid that when it comes down to breaking the bread, i.e., the division of federal assets, something will turn up to threaten mutual cooperation or make it altogether impossible?

[Klaus] However much we may swear to a civilized and peaceful separation, I can, of course, imagine that on the microlevel there will be thousands of obstacles, of complications regarding individual details. We all have to be

prepared for this and may not be surprised at it. The single real issue is whether there will be sufficient political will on both sides to ensure some generosity in regard to these minor details, so that the very fragile truce now existing between us will not be destroyed by them. I am willing to do as much as I can to ensure this.

[Vlckova] The unions and opposition parties are making alarming statements about a great drop in the standard of living after independence and they are demanding that the government provide an expert analysis of the economic consequences of the separation. Since the government has not published any such material, a number of citizens are naturally wondering whether this is because the data would horrify the public. What do you have to say about this?

[Klaus] I have already said a thousand times that this is impossible to calculate and therefore that it is an inappropriate demand. They also wanted us to calculate the costs of the economic transformation, exact figures in regard to unemployment, what the inflation rate will be, the drop in national income, etc. No one in the world can know this precisely, just as it is impossible to know in this case, because it depends on thousands of additional data. If we maintain a currency union, there would be no reason to lose mutual trade. Thus, in such a case, I would say that the losses would be zero. If the two currencies were not to separate in a smooth process and, for whatever specific political reason, one currency were broken up the day after the two republics become independent, the impact—loss of trade, closing factories, increase in unemployment—would be severe. But since this is absolutely impossible to calculate in advance, such demands truly have an exclusively political flavor, and they really cannot be met.

[Vlckova] Do you expect the Slovak Government to resolve the probable economic decline in Slovakia after the states separate by favoring the arms industry?

[Klaus] Slovakia, like any other reasonable country, will seek to utilize its production potential. Tanks are being produced and sold in dozens of countries throughout the world. If Slovakia finds buyers for its tanks, it would be stupid if it did not sell them. It is a childishly pacifist idea to believe that they would contribute to improving the world by discontinuing their production of tanks if 50 other countries continue to produce them. We have no right to tell Slovakia whether it may—not whether it wants to—produce tanks. Tanks are also being produced in the United States, but I doubt that any of us would think of saying that Americans are bad and undemocratic because they have not stopped producing them. This is an illusory cliche, which was created in our country. The very thought that the arms industry is criminally evil is childish. If Slovakia manufactures bulldozers instead of tanks, all the better, and we will cheer them on. But I feel that wagging a warning finger and moral preaching are grossly unfair toward Slovakia.

[Vlckova] In conclusion, just one more slightly personal question: Can you tell us what was the real reason for

removing Tomas Jezek from the office of minister of privatization? Allegedly it was you who forced his departure.

[Klaus] First, I do not like to talk about T. Jezek, especially because he loves to talk about me. Second, T. Jezek was not removed; he resigned with the entire government. The new government was set up anew from start to finish. Within the framework of coalition talks, a consensus was established between individual ministers and between individual political parties. And if the public wishes to hear a footnote on the matter, I will say that not even the ODA [Civic Democratic Alliance] insisted on keeping T. Jezek and accepted that the office of minister of privatization be filled by another minister.

[Vlckova] Do you think that Minister Skalicky is well qualified to replace him?

[Klaus] I think that Minister Skalicky is a highly qualified individual in the Czech Government. I can say that I am satisfied with him.

#### **Interior Ministry Faces Shake-Up Under Ruml**

*92CH0953B Prague METROPOLITNI TELEGRAF  
in Czech 11 Sep 92 p 2*

[Article by Ivan Brestak: "The CR Minister of Interior's Difficult Task: Rabidly Against Crime"]

[Text] At the end of 1989, the impression was given by Western journalists (through the extensive StB [State Security] network) that the development in the CSSR to date had not been influenced by the opposition movement in a way that was in keeping with the trend throughout Europe. On the anniversary of the occupation by the "Allied Forces" on 21 August, Charter 77's attitude made the BBC very uneasy; according to the latter, Charter 77 believed that it was better "to do nothing," and it shamelessly held that opinion in the face of the opposition movements in Poland and Hungary where the seeds of the future explosion against the communist regime were germinating all too quickly. The CIA and a certain faction of the KGB (with the blessing of Gorbachev himself) believed that the undiscerning consumption of the socialist style of life should also come to an end in Czechoslovakia. Why? The economic situation, contrary to the forecasts of hired economists, was deteriorating from day to day, and therefore someone, in a revolutionary way, permitted the temporary end of the most consummate social system. The end truly was inevitable, and those individuals who realized that fact in time are now sitting in the bosses' chairs of corporations and are surprised at how easily they got there. But we will again repeat the word "temporary," which they themselves entered in the encyclopedia.

However, state security continued to function up to the last moment and, surprise of surprises, it is still functioning today. No attempt to eliminate its criminal activities has succeeded to date. The FBIS [Federal Security and Information Service], which is so important for the state apparatus, rose from its ruins; but former StB members merely had to nod in answer to a few

questions posed by the civil commission to be accepted into the new service. Its members, who are trying to establish a new security apparatus and a secret service, simply bungled it. . . . But the fact that the FBIS is composed of the wreckage of the former StB at this time is not all. The StB's strategy also counted on the possibility of admitting a few "amateurs" to important state functions in the security apparatus at the very moment that a legitimate change would occur in political orientation. The recently appointed CR [Czech Republic] Minister of the Interior, Mr. Rumík, has now found himself in such a role and does not really know what is happening behind his back. He initiated extensive security measures and, for the first time in years, the citizens of Prague can have a moment of relief from the all-powerful streetwalkers and their pimps, and from Rom, Russian, Romanian and other gangs; but he overlooked the main issue. He did not realize that a large number of agents from the former StB with their own ideas about a police force are still active in the ranks of "his" police force, in other words, people who take note of the minister's instructions, but that is all. Together with Chovanec, Stark, and Sustrova, he was responsible for the elimination of the Ostrava policeman—a policeman body and soul—Sprusil, who knows those people; but in the opinion of the minister of the interior himself, Sprusil is too intelligent to be a rank and file policeman. My personal comment is: Lieutenant Colonel Sprusil who, for instance, succeeded in "kicking out" the Roms and other elements that were stealing from the citizens of Ostrava to locations specified by him during action "Zákon [Law]" in Ostrava, truly does not belong among rank and file policemen. Rather he should hold a ministerial position because he succeeded in doing the impossible. The fact that Rumík is afraid of him and thus dares to orally attack this person in front of witnesses, does not guarantee the kind of security that our citizens desire and that we need in any case. Though the little political spectacle initiated by Rumík kicked out third-rate streetwalkers and pimps from Wenceslaus Square, where are the guarantees that Rumík will continue to be serious about that direction in security policy? Does he himself realize that he is coming to the end of his strength? Certainly the recently appointed head of the Czech police, Vyleta, is still here, but does he know about the existence of first- and second-rate streetwalkers? Does he know about the small dealers in, and distributors of, drugs who are much more powerful than he now is? The past, strangely, leaves no shadows. Who was it who unwittingly uncovered the serious gaps in the overall concept of the monstrous Interior Ministry, the extensive security actions initiated by Rumík that are meant to register in the subconscious of the citizens of Prague as a gesture by the new leaders of the police force, as a new system to suppress crimes? Both "policemen" (Sprusil is resting somewhere on the outskirts) make contradictory statements—Rumík clearly indicated that the physical strength of policemen is not unlimited, and yet a few hours after his tragic admission he stated that it is basically a matter of measures that basically have no time limits. So where can one find the truth? Probably in

the incompetent leaders of the police force and, above all, in incompetent statements. We will not torment Rumík because he is unaware of the tragicomic situation of rank and file policemen who lack the technology, a car, and a working transmitter. Rather, we should criticize him for the fact that while a line of hungry "homeless" stands in front of the railroad station, his men's kicks in the "extensive actions" are aimed primarily at the livers and kidneys of those people, whereby everything is made into a "long-term measure," while the leading perpetrators of crimes, and the (old) structures that are still ruling today count their money in peace. Mr. Interior Minister, proceed rabidly against crime, but also proceed against the members of the StB, who are causing more harm than good. That may be our last chance.

#### Czech Commentator Views Meciar's Intentions

93CH0001A Prague REFLEX in Czech No 36, 1992 p 8

[Commentary by Bohumil Pecinka: "What Does Prime Minister Meciar Want?"]

[Text] "If we apply the results of Maastricht to Czech-Slovak relations, we are moving ahead of European unity and we will become the model for the West European countries," a young socialist told me, his eyes flashing with the fire of the Redeemer. In other words, thanks to the ingenious idea of a Czech-Slovak union, we leap all at once from the apparently hopeless state legal situation to the head of the Western European democracies which have gone astray, become the center of European history, and again send out our call to everyone for coexistence in the future....

Enough. It has long been our tendency to find some virtue in a tragic situation. Most of the time, however, it has been based on an illusion, excessive self-esteem, and hollow thinking. We should rather start with the realistic fact that the decisive actions have been taken (the elections) and the decisive words said (an international identity) and preferably think about the consequences of such political steps.

No less unexpectedly, Vladimir Meciar has again come upon the federal scene and, by his demands for an international legal identity (read independence) for Slovakia, he broke up the idea of federalism (and thus of the joint state as well) and brought the magical sounding program with the name of "Czech-Slovak union" (in his words, a Czechoslovak Maastricht).

What is the proposed form of such a union? It is a conglomeration of mutually incompatible proposals and jurisdictions. It paradoxically goes back to the first negotiations of the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia] when the Slovak side introduced a proposal for an economic and defense association (that is, a confederation) which the Czech side then rejected on the grounds that it has no mandate to sign anything like that. At the same time, they said that there was doubt about the functional nature of such an experiment. Afterwards both parties agreed on the unacceptability of any similar solution and

the other four negotiating sessions took place in the following spirit: If the demand for an international legal identity (that is, independence) has been expressed, then the first step must be a complete separation. Mutual relations will then be set up through a network of international and trade treaties. Following that, both entities will try to create a minimum common market and a maximum payment and currency union. The HZDS, however, by this surprising step again has dug up the old idea of a "confederation" and under the unfamiliar name of a "union" is taking it to the political market. What does Meciar expect from the move? With the demand for coordination of foreign and security policies, which is to be accomplished by some kind of Council of Ministers of Foreign Affairs, he clearly wants to draw the Czech lands into his international political adventures, whether they are his relations with Hungary or the export of arms to Syria, Iraq, and Libya, and to increase the defense capabilities of Slovakia. It is not only suicidal to create a union with such a state for five, 10, or more years as the treaty proposes, but it is also in conflict with the interests and the political orientation of the future Czech entity. I suppose that during the short time that Meciar has been prime minister he has realistically evaluated the true state of the Slovak economy, has looked into the abyss, and is rapidly pulling back within the limits of what is possible. Nonetheless, with the differing economic policies of the two countries (a balanced versus a deficit budget and restrictions versus a rapid rate of issuing money), Slovakia could force not only a devaluation of the currency, but also the consequent inflation on the Czech lands.

"The economic policies of the two representative groups will most likely be so different that it will be difficult to join them into a truly functional system. Either the views of the one party must win out or the entire project cannot be implemented. One cannot say, 'You do it your way and we will do it our way as well, and we will talk about a union,'" declared Minister Skalicky and revealed the most important intention of the HZDS.

Today there can already be no doubt that Meciar with his project of a Czech-Slovak Maastricht (a union) primarily wants Slovak independence with a Czech savings bank attached. On the other hand, he wants to create the political conditions in Bohemia and Moravia that would institutionally ensure these advantages for him. In other words, to gain control of the entire federation and to give the Czech leftists back the opportunity they lost in the last elections. That is, to change the version of economic reforms that has been carried out in the Czech Republic as well, to preserve the surviving form of running the economy, and finally to abolish the pivotal post-November laws (as he said at the first negotiations with the ODS). By the way, a similar development was indicated by the recent affair in the federal parliament when the HZDS in cooperation with the Czech leftists tried to seize power. The proposal for a Czech-Slovak Maastricht (a union) is the second act of

this farce, which is moreover supposed to tar the ODS with the brush of being the bad guy in the breakup of the state.

Three years ago the French socialist Delors promised that the British trade unionists would get back from Brussels what Margaret Thatcher prepared for them. The nationalist Bolshevik Meciar wants to bring socialism, which the majority of the voters rejected in June, to the Czech lands again under the slogan of a Czech-Slovak Maastricht. If that succeeds, it will not be Maastricht, but Waterloo.

#### Poll Indicates Majority Favor Partition

*93CH0018B Prague MLADA FRONTA DNES in Czech  
30 Sep 92 p 2*

[Article by (sla): "Partition of Federation a Sure Thing for 80 Percent of the Populace—In a Referendum, the Majority Would Vote No"]

[Text] Some 46 percent of the population of the Czech Republic and 41 percent of the citizens of the Slovak Republic agree with partitioning the CSFR. In Bohemia, some 45 percent are against, and in Slovakia, the number of citizens opposed to partition is 46 percent. That is the result of an investigation conducted by the Institute for Public Opinion Research (IVVM) from 8 to 14 September of this year. More than 80 percent of the citizens of the Czech Republic and of the Slovak Republic, however, consider partitioning of the federation to be a sure thing. The investigation also indicated that of the citizens of the Czech Republic who agree with partitioning the federation, some 41 percent indicated that the Slovaks were the reason for the partitioning, along with their longing for independence or nationalism. On the other hand, of the citizens of the Czech Republic who disagree with the partitioning, 49 percent considered the reason for the partitioning of the federation to be the agreement between the political representation of the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia] or rather the inability to come to an agreement. In Slovakia, 32 percent of those favoring partition were inclined to believe that the reason for the demise is a nonfunctional unjust federation and Pragocentrism. Those Slovak citizens who disagree with partitioning the federation felt that the reason for dividing the state was to be found in the agreement between the ODS and the HZDS.

The sole possible method for the demise of the federation was considered to be a referendum (45 percent of respondents in the Czech Republic and 44 percent in Slovakia). If the referendum were to be held today, some 80 percent of the citizens of the Czech Republic and 82 percent of Slovaks would participate. Some 44 percent of the respondents from the Czech Republic and 43 percent of the respondents from Slovakia would vote against breaking up the federation. Some 36 percent of the citizens in the Czech Republic and 37 percent of those in Slovakia would vote for breaking up the federation.

**'Central European Republic' Suggested as New Name**

92CH0976B Prague MLADA FRONTA DNES in Czech  
18 Sep 92 p 6

[Article by Pavel Kalina, faculty member at the College of Philosophy, Charles University, in Prague: "New Name? Why Not Central European Republic?"]

[Text] Lately we have been witnessing a proliferation of ideas for the name of the state that is to come into being in a short time on the territory of the present Czech Republic. Most of the suggestions were perhaps not even meant seriously, and have little hope of being used. The suggestion of a group of experts from the College of Philosophy, Charles University, can be considered as having the most merit, that is, the name "Cesko," which, however, does not sound very pleasant to our ears and in addition carries within it difficulties of a political character. But such difficulties, of course, also apply to names of the Czech Republic type (it erases Moravia and the Moravians), or even to Czecho-Moravian Republic (it has the flavor of the bitter experience with dualism, it erases Silesia and all those who do not consider themselves Czechs or Moravians).

The name of the new state—it should really be a new state and not "something that will be left" after Slovakia separates—should express the principles on which the state will stand. The state should not be built on the national principle, but neither should it be based on distorted or mechanically understood history. It should express a certain historical spiritual tradition. Perhaps the most elegant solution to our current crisis could be considered the restoration of the monarchy on the basis of a referendum, that is, a restoration of the Kingdom of Bohemia, or, in other words, lands of the Czech Crown within their historic borders, with their historic divisions and their legitimate ruler.

Let us remind ourselves at least briefly that the Kingdom of Bohemia was never a national formation and that it always found its place in Europe within a higher unit—the Holy Roman Empire, or the supranational Habsburg union of states. Let us also remind ourselves that not only the Czechs and Germans, but also Italians, Jews, and members of other peoples contributed to the extraordinary cultural values that were created in it.

The restoration of the monarchy, considering today's civic consciousness, obviously does not come into consideration, and even if it were to come about, we could hardly be talking about anything but a form without content. Therefore I think that the new state should bear the name Central European Republic, which would express its supranational character and at the same time would affirm its clearly definable Central European cultural tradition. Our country undoubtedly personifies that tradition, based on the mixture of various cultures in the center of Europe, more specifically than any of our neighbors.

It would be sad if only people with permanent residence on the territory of the existing Czech Republic were to become citizens of the state. A citizen of the Central European Republic should be anyone who shows interest in becoming one—that is everyone who agrees with its constitution, provided that they fulfill conditions required by law for being granted citizenship, for example, demonstrate, within a certain period of time, their knowledge of the single state language, which will be, for practical not nationalist reasons, Czech.

The new state will not require of its citizens that they consider themselves Czechs, Moravians or Silesians, and will not be questioning them inane about it. It will only require that they, regardless where they come from, obey its laws.

A state thus created would not be a mere local open-air museum in the heart of Europe, but, on the contrary, a challenge to all of Europe and the world—theoretically to all who profess the principles of democracy and humanism, which, I hope, will be codified in its constitution in a manner appropriate for the end of the 20th century.

**Prospects for Completion of Temelin Weighed**

92CH0982B Prague SVOBODNE SLOVO in Czech  
16 Sep 92 p 1

[Article by (fid): "Will Temelin Be Completed?"]

[Text] According to an announcement by a.s. Ceske Energetické Zavody [Czechoslovak Electric Power Plants, Inc. (CEZ)], Temelin nuclear power plant may obtain a permit for permanent operation in the middle of the 1990's. That is the main conclusion arrived at by members of an independent team of experts led by the international consulting company Halliburton Nus, on the basis of a year of work directly at the construction site of the Temelin power plant. The above-mentioned company summarized the results of the reviews and further procedures in their implementation in a report, which a.s. CEZ submitted to the Czechoslovak Commission on Nuclear Energy, the Ministry of Industry, and the Ministry for Economic Policy and Development. Together with the employees of the reviewing company, a.s. CEZ drafted a program to improve the design and scheduling of the construction. The purpose of the program is to complete the power plant in accordance with parameters comparable to Western standards and to keep the deadline for starting up the first unit in 1995. The cost for completing construction is 46 billion Czech korunas.

**Speedy Division of Armed Forces Advocated**

92CH0984B Prague METROPOLITNI TELEGRAF  
in Czech 16 Sep 92 p 3

[Commentary by Frantisek Nemec: "It Is Not Possible To Put Off Dividing Up the Army"]

[Text] According to the statements of some political representatives, the Army will not be divided up for the

time being, even after the anticipated division of the state on 1 January 1993. That position was justified by the view that division of the Army is too complicated and that it will therefore take a longer time.

It is not possible to agree with this position. The division of the state requires that the Army be divided up at the same time. A joint Army after the creation of the Czech and the Slovak states could be the source of various problems, many of which we can now imagine only with difficulty.

It is not possible to overlook the probable differences in the foreign policies of the two new states, which already are beginning to be visibly outlined. We are already slowly getting used to the various verbal attacks against Hungary on the part of some Slovak politicians. I think that for us, the populace of the Czech Republic, it is unacceptable that this policy be supported by the existence of a substantially stronger Army. The continued existence of a joint Army would obviously also not be positively received by some of our neighbors. It would be only with great difficulty that we could explain the reasons.

#### Is dividing up the Army really that complicated?

Actually, the preparations for dividing up the Army have already been going on for a long time, even though carrying out the measures now has a different justification. For a number of months now there have already been redeployments carried out, the goal of which is the movement of one-third of the Army to Slovakia. The program has been successfully fulfilled. The problems that are coming up are only isolated ones. So far it has not been possible to shift one-third of the Air Force to Slovakia because to date there are no airfields prepared for it.

Finally there have even been three headquarters created, which are fully operational and provide the necessary prerequisites for dividing up the Army. There is no doubt about the fact that the current Command East is the embryo of the future headquarters of the Slovak army. Finally, even the basic service draftees are entering into the performance of their basic service in the republic in which they have their permanent home of record.

It is possible to complete the prerequisites for the division of the current Federal Army into two armies of the independent republics by the end of the year. It is obvious that the division, just as with other areas, will not be complete by the date of separation and that even after that date there will be transfers of certain equipment to take place in accordance with the agreements previously reached. Obviously, for a certain period after the creation of two independent states and two independent armies there will be transfers of some professional soldiers of Slovak nationality who decide on service in the Slovak army and vice versa.

The spokesman for national interests in the military field is the Association of Slovak Soldiers. It does not conceal

in any way its view of the need for a Slovak army of their own. For a long time now, the Association has pushed its demands for the establishment of a Slovak Home Guard which in the period when a joint army still exists would be subordinated to the Slovak agencies.

It is not necessary to explain too much the danger of the existence of two armed forces subordinate to different commands. It is not possible to prevent the establishment of a Slovak Home Guard, as this is really just a matter for the Slovak agencies. It is, however, necessary to work to make sure that it does not come into being prior to the division of the joint state and before the division of the joint Army.

The Army is trying for a larger budget for next year. It is also trying to get the resources for rearming. Those demands also require the division of the Army as soon as possible. The new budget and the rearming both must start with the military doctrine of the state. With the creation of two independent republics, a new military doctrine will also be worked out and it will be possible to make decisions about the important changes that will take place in the Army.

Our political representatives are not concerning themselves too much with the majority of the military problems and for many of them it is very unfamiliar. That causes a danger that they could give in too much to pressure by the military experts who, however, have a natural tendency to maintain a too one-sided position. It is natural that it is hard to expect that the professional soldiers will come up with proposals to reduce the Army, to reduce the central agencies, or to reduce the number of generals and colonels. It is therefore greatly necessary for the public at large to concern itself with the question of the military. For now the majority of the mass media only devote attention to the Army sporadically.

#### Plans for Creating New Czech Army Discussed

*92CH0991A Prague CESKY DENIK in Czech  
23 Sep 92 p 1*

[Report on an interview with Czech National Council deputies O. Kuzilek, J. Kasal, T. Fejfar, and P. Cermak by (sak); place and date of interview not given: "Tutoring by U.S. Army"]

[Text] During the continuing process of dividing the CSFR, the issue of the Czechoslovak Army is becoming increasingly urgent. Recently, reports appeared in the lobbies that negotiations leading to the creation of the Czech Republic Ministry of Defense have begun. Names of specific candidates for the position of Czech Republic minister of defense are becoming the subject of many discussions. We asked deputies in the Czech National Council [CNR] for their views on this issue.

**O. Kuzilek, Civic Democratic Alliance:** Steps must be taken quickly to start organizing Czech military agencies—that is, mainly a ministry of defense and a general staff. We can only support all efforts to do it as quickly as possible. For example, just setting up the general staff will take roughly two months. I can think of several

people who could be appointed to the position of minister of defense, and I assume that ODS [Civic Democratic Party] will have its candidate.

**J. Kasal, Christian Democratic Union-Czech People's Party:** The main point is to create them by the end of this year, because there must be somebody here to take over the property after the federation has been divided. We want to approach the Czech Government about the matter, and request that it present a proposal within a realistic period of time, say in a month, to CNR. The situation is more complicated as far the command is concerned, because in the Army there is an indivisible command authority. Therefore in a still existing state, whose army has a joint command, there cannot exist some other command at the level of the Czech Republic or the Slovak Republic.

**T. Fejfar, Civic Democratic Party:** Nothing like this has been officially discussed in the CNR Defense Committee yet. But we are already beginning to work on the problem of the Army. We have requested the CNR presidium to have some deputies from our committee take part in seminars to be conducted here by U.S. Army specialists.

**P. Cermak, Civic Democratic Party:** The establishment of the Ministry of Defense is definitely being planned, if there are separate armies. But I know nothing about specific steps or people.

#### Current Joint-Ventures Situation Viewed

92CH0986A Prague EKONOM in Czech 4-10 Sep 92  
pp 29-32

[Article by Axel Tamm of the Research Institute for International Management in St. Gall, Switzerland: "Joint Ventures in the CSFR—The Current Situation From the Standpoint of the West"]

[Text] As of the day the East European market crumbled, the orientation began to change from the mammoth Soviet market to the EC market corporations in the CSFR began seeking cooperation with Western corporations. The magic words Joint Venture (JV) became popular as they had never been prior to that time and were expected to cure the most difficult problems of Czech and Slovak managers past and present in form of fewer orders resulting in lower sales and thus even lower profits, which means less money available for required investments to modernize equipment and technology—in other words, a stagnation of productivity accompanied by rising costs of materials and labor, leading to higher product prices. In the end, as a result of higher product prices, demand for manufactured products declines and the loop begins again. It is a classic example of a "vicious circle."

In view of the therapeutic (remedial) function and the great expectations focused on joint ventures by Czech and Slovak corporations, it was worth doing an empirical investigation of the current joint venture situation in Czechoslovakia. The results of the eight-month study is contained in the following article and is interpreted from the Western viewpoint.

#### The Term "Joint Venture"

It would seem that, in the East, the term JV is perceived differently from the way it is perceived in the West. The Western world divides joint ventures into Contractual Joint Ventures (CJV) and joint ventures established on the basis of capital investments (Equity Joint Ventures—EJV).

Contractual joint ventures are defined as "commercial agreements characterized by a certain degree of continuity (connection) and by close cooperation without any kind of capital investments in which the partners remain economically and legally independent." There is a broad scale of commercial activity which could be categorized under this heading:

- Agreements regarding technical services.
- Agreements on the exchange of goods (for example, barter contracts).
- Cooperation in the area of management, more likely in the organizational area (for example, joint purchasing, marketing).
- Cooperation in the area of research and development.
- Cooperation in the area of production (coproduction).
- The granting of licenses.
- The granting of concessions.

#### Joint Ventures Based on Capital Investments

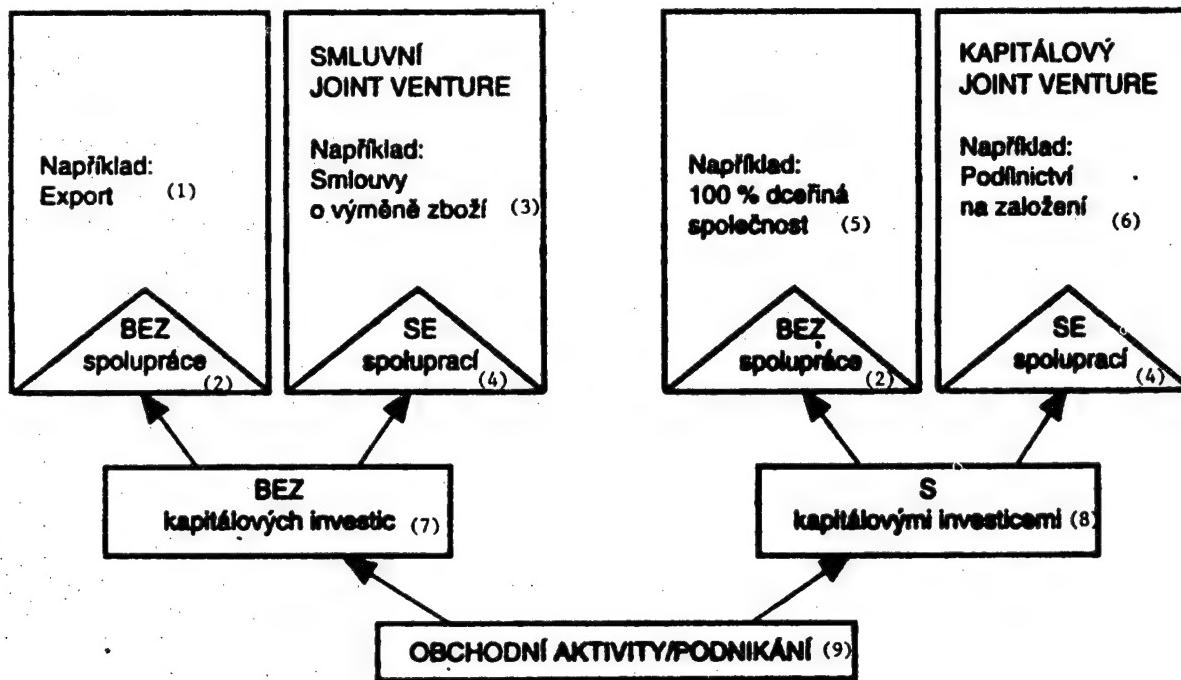
These are defined as "the establishment or acquisition of a corporation by two or more legally independent enterprises. In order to be able to speak of an 'acquisition,' the participation by the partners must be at least 25 percent. 'Property investments' normally reflect a long-term relationship and interest in asserting a certain degree of influence on the management of a joint venture corporation."

In enumerating all possible variations of commercial activity, it is necessary to mention exports. Exports represent an activity without capital investments and without cooperation. Finally, 100-percent subsidiary corporations can be described as an activity without cooperation, but one involving capital investments and should be added to the listing of commercial activities. The following illustration summarizes that which I have mentioned above.

In case a foreign corporation participates in a CJV or an EJV, the resulting enterprise is called an international joint venture. If the corporation is made up of domestic corporations, the joint venture is called a national joint venture.

It was particularly exports and all types of CJV activities which were the traditionally known methods of conducting business in the countries of East Europe in the past. The exchange of goods and all variations of coproduction (manufacturing cooperation) were, in fact, developed more highly than was the case in the West.

On the other hand, EJV's were essentially an unknown form of cooperation in the East. The former political

**Key:**

1. For example: exports
2. Without cooperation
3. Contractual Joint Venture—For example: agreements regarding trade
4. With cooperation
5. For example: 100-percent-owned subsidiary
6. Capital Joint Venture—For example: sharing in the establishment of a corporation
7. Without capital investments
8. With capital investments
9. Commercial activity/venture

system asserted state ownership in every respect and, in essence, prevented any kind of private commercial agreements. And this is precisely the reason why EJV's never came into being in the East. In the previous era, two (state) corporations were not able to purchase property or a share in another corporation because that corporation was owned by the states, as were the other two. It was not until after the revolution, and thanks to the process of privatization, the development of the

financial market, and the general liberalization that activities involving capital investments have suddenly become popular. Nevertheless, the majority of people do not differentiate between capital investments coupled with cooperation on the one hand and capital investments without cooperation on the other. Generally, both forms are incorrectly called EJV. Only the establishment or acquisition of a corporation by other corporations is an EJV, but a subsidiary corporation is, naturally, not a 100-percent EJV.

Date	Number of Joint Ventures	Source
31 Jul 91	3200	Slovak Ministry for Economic Policy
30 Aug 91	2946	Statistical Office
31 Dec 91	7037	Czech Ministry for Economic Policy and Development

**The Numbers Game**

However, that is not all. Without a proper definition of the term JV according to international standards, official

institutions in Czechoslovakia began to publish data on the quantity of joint ventures which have been established. Constantly growing numbers were used as proof to the public the current policy in the joint ventures area

was successful and that the Czech and Slovak Federal Republic is an attractive country for foreign investments. It is interesting, or we would rather say a matter of course, that the numbers varied considerably (see above table).

Alongside this numbers game, another fairly similar one was developing. In October 1991, it was said that some 12 billion korunas [Kcs] had "flowed into" the CSFR; some sources listed more, others less. The problem is again quite obvious. As has been stated, an EJV reflects a long-term relationship. Initial investments may amount to only 25 percent with another 25 percent following every other year thereafter. The question is: Is this amount of Kcs12 billion only the initial investment made by foreign corporations or does it represent total investments? Will this number be increased every couple of years or adequately reduced if the EJV is closed down after four years? It is impossible to provide the correct response to these questions—any kind of correct answer.

But what is the reason for this confusion? Until 1991, all requests to establish a joint venture had to be approved by the Federal Ministry of Finance. Since that time, central registration has been eliminated and transferred to offices registering corporations throughout the country. No clear instructions were issued as to how to separately process information on EJV corporations and if such instructions were issued they were not adequately checked on. Moreover, personnel were overburdened as a result of registering thousands of new enterprises (of which the EJV's were only a small percentage) and did not have sufficient time to eliminate the sets of information on corporations which have ceased to exist nor to introduce a more thoroughly worked out data base program which could facilitate the identification of international EJV's, make it possible to add up the number of EJV's, and provide information regarding the total number of foreign investments. In view of the great work load and because of unclear instructions, official institutions in Prague and in Bratislava received low-quality information which they then incorporated in their publications. One example could document this contention: According to official reports (from 1 October 1991) by the Statistical Office, the town of Chomutov was supposed to have nine JV's in September 1991. The listing of JV's published by the Investment Bank lists two (!) such corporations in December 1991 as existing in Chomutov. In-depth research at the registration office in Usti nad Labem toward the end of December 1991 showed six corporations in existence. It would be possible to list a whole series of similar cases. But what is worse, this conflicting information is taken as a basis for decisionmaking within the framework of a policy to support joint ventures and to attract the interest of foreign investors.

#### Results of the Investigation

This investigation was undertaken in order to help clarify this somewhat unclear situation. The listing of addresses of joint venture corporations was kindly made available to the author by the Investment Bank and

served as a basis for the investigation. The listing was topical, because it had been constantly updated with new addresses made available by the offices for registering corporations and was then compiled by the bank. Instead of the approximately 3,500 JV's listed by other sources, the listing contained only 787 JV's. It was necessary to subtract approximately 25 percent or 196 corporations because they were not JV's, but foreign subsidiary corporations (100 percent). Of the remaining 591 EJV's, 183 were selected at random and contacted. In 37 cases (20.2 percent), it was impossible to establish any contact because:

- The corporation had never been located at the address listed.
- The corporation had moved.
- The corporation still existed, but was no longer an EJV.
- The corporation no longer existed.
- The representative of the corporation did not want to grant an interview, citing bad experiences during the communist era.

The results of the interviews with the remaining 146 EJV's are given below:

#### 1. How Many Employees Are Now Employed in Your Joint Venture?

Results of the Public Inquiry

Number of Employees	Percent
Up to 20	79.3
20-49	9.3
50-99	5.0
100-299	3.6
300-999	2.1
1,000-4,999	0.7
Over 5,000	0.0

Comment: The results indicate that virtually 90 percent of the EJV's employ fewer than 50 employees. Some 80 percent of the corporations listed on Line 1 as having up to 20 employees actually have only two to five employees. This tells us that a large majority of the EJV's are conceived as macrocorporations (with an exaggerated size), finding themselves in the starting phase. Because the size of an EJV is frequently in direct correlation with the size of the parent corporation (the founders of the EJV), it is possible to draw the conclusion that the majority of parent corporations tend to be small enterprises, frequently being firms being created by a single individual. On the basis of this contention, it is possible to draw another conclusion: The large foreign corporations prefer to establish subsidiaries in Czechoslovakia with 100-percent ownership "share," with small corporations with smaller capitalization, preferring the EJV form.

**2. Does Your EJV Belong in the Primary, Secondary, or Tertiary Sector?**

<b>Results of the Public Inquiry</b>	
<b>Sector</b>	<b>Percent</b>
Primary sector (for example, agriculture)	0
Secondary sector (for example, chemical industry)	17
Tertiary sector (for example, retail trade)	80
No response	3

Comment: Manpower in Czechoslovakia is, at least from the Western standpoint, inexpensive at the moment. This cost advantage becomes more important the greater the overall number of workers is. Because the number of employees in enterprises in the secondary sector is far greater than the number of employees in the tertiary sector, it could be anticipated that the majority of EJV's will be in the secondary sector. However, the results show the majority of EJV's as not being active in industry, but in the services sector. The explanation for this surprising result certainly lies in the overall capital costs which are generally greater in the industrial sector. Because the majority of the parent corporations are small firms with small financial capacity (disposable capital that is), EJV's tend to come into being more in the services sector.

**3. What Type of Relationship Did You Have With Your JV Partner Prior to the Establishment of the Joint Venture?**

<b>Results of the Public Inquiry</b>	
<b>Type of Relationship</b>	<b>Number of Responses</b>
No contact	82
Buyer relationship	20
Supplier relationship	18
Coproduction relationship	12
Goods exchange	9
Custom production	4
License relationship	3

Comment: More than 50 percent of the partners never were in commercial contact with another partner prior to

the establishment of the EJV. The reason is obvious: Before the revolution, only a very few corporations in Czechoslovakia could engage in trade directly with their foreign partners; most commercial activity was handled by foreign trade enterprises. As a consequence of knowing little about their partners, these EJV's were exposed to a high degree of risk that they will find themselves in internal conflict and that they would be disestablished during the first two years. Reasons given for the parting of the ways were most frequently differences between expectations and results.

In some cases, there were personnel problems involving the partner. Therefore, a good knowledge of the partner is of the highest importance.

**4. What Is the Legal Form of Your EJV Corporation?**

Results of the Public Inquiry-Comment: Seventy percent of the respondents indicated that they were a "corporation with limited liability," which makes this form of enterprise the most popular legal arrangement, followed by the "corporation"—29 percent, and other forms—1 percent. The dominant advantage of a "corporation with limited liability" was the ease of establishing it. The introduction of the new Commercial Code, as of 1 January 1992, placed significant obstacles in the way for corporations. The minimum amount of basic capital for a corporation, which used to be Kcs100,000, was increased by a factor of 10 to Kcs1 million (see Section 162/3 of the Commercial Code). This wave will automatically lead to the establishment of fewer corporations in the future. Their numbers will probably decline to about 17.5 percent.

**5. What Was the Volume of the Turnover of Your Corporation in 1991?**

	<b>Results of the Public Inquiry</b>			
	<b>In Percent</b>			
<b>Legal Form</b>	<b>Less than 2 Million</b>	<b>Less Than 50 Million</b>	<b>More Than 50 Million</b>	<b>Total</b>
Corporation with limited liability	31.2	23.2	15.9	68.8
Stock corporation	4.3	4.3	21.1	29.7

Comment: The results indicate a significant correlation between the legal form involved and turnover. Sales of more than 75 percent of the corporations with limited

liability were below the Kcs50 million mark, whereas 70 percent of the corporations are recording annual sales volumes of more than Kcs50 million.

**6. What Is the Origin of Joint-Venture Managers—Czechoslovakia or a Foreign Country?**

**Results of the Public Inquiry**

	In Percent	
	Czech-Slovak	Foreign National
JV Managers		
JV general manager	79.7	20.3
Deputy JV general manager	68.5	31.5
Economic director	97.1	2.9
Technical director	96.6	3.4

Comment: An overwhelming 85.5 percent of the managerial positions in a joint venture were in the hands of Czech and Slovak managers, with foreign nationals occupying not quite 15 percent of such positions. There are two explanations for this: Either the foreign partner has complete confidence in the capabilities of the Czech partner or the sum invested by the foreign national into an EJV is so small that the investor considers that the risk of losing that investment is minimal. This could explain why so few foreign representatives are working permanently in EJV corporations.

In this connection, only a few local managers registered direct complaints regarding this attitude on the part of their foreign partners: "The foreign partners are never present, we do all the work and they then collect all the money." Requests were frequently expressed calling for more instruction and closer cooperation.

**7. Do You Actively Support Management Training for Your Corporation?**

**Results of the Public Inquiry**

Type of Management	Percent
Lower-level management	16.9
Young management	14.7
Middle management	27.7
There are more important problems to solve	40.7

Comment: Forty percent of the managers questioned responded in fear that there are more important problems to solve, problems which should now be improving, than to send middle or lower management or young employees who have aspirations to rise to the management level in the immediate future to training. A possible explanation on the one side could be the size of the corporation (for the most part, fewer than five employees). Such corporations cannot afford a lengthy seminar for two reasons: First, the corporation needs the presence of every individual urgently; second, all corporations are in the initial phase and it seems important for the management of joint ventures to survive during the early years. Another reason could be a shortage of inexpensive seminars for management.

Immediately after the revolution, many U.S., British, and German educational corporations entered the market, but had to pay their instructors in foreign exchange. The high prices commanded by the seminars reflected this fact. The risk for young corporations with a still unstable revenue situation could, thus, be the reason why they did not send their employees to attend such seminars. And, finally, other reasons could include pure ignorance or bad experiences.

**8. How Satisfactory Is Your Existing Capital Joint Venture (EJV)?**

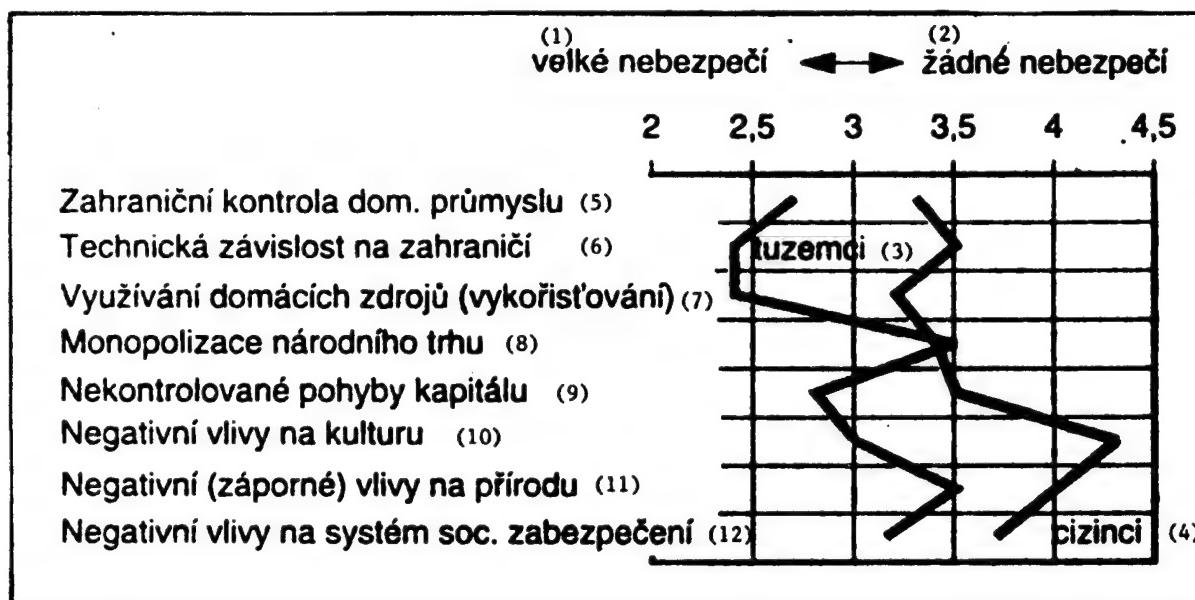
**Results of the Public Inquiry**

Classification	In Percent	
	Czech/Slovak	Foreign National
Very good	10.6	0.0
Good	50.0	28.6
Satisfactory	29.8	57.1
Unsatisfactory	3.2	14.3
Highly negative	6.4	0.0

Comment: Foreigners are by far less satisfied with the EJV's than their Czech and Slovak partners. This result can again be explained by using various methods: Either the foreigners overestimated the possibilities of Czechoslovakia and its market offerings, or they considered their local partners as more highly qualified, or they are generally more pessimistic, or Czechoslovak managers set their original goals lower than did their foreign partners, they had no means of comparison, and, therefore, generally classified the EJV's in a positive manner and, as a rule, more optimistically.

**9. In Which of the Following Areas Could Foreign Capital Be Threatening?**

**Results of the Public Inquiry**



**Key:**

1. Great threat
2. No threat
3. Czechoslovak nationals
4. Foreign nationals
5. Foreign control of domestic industry
6. Technological dependence on foreign country
7. Utilization of domestic resources (exploitation)
8. Monopolization of national market
9. Uncontrolled movement of capital
10. Negative effects on culture
11. Negative effects on nature
12. Negative effects on social security system

Comment: Czechs and Slovaks most fear technical dependence on a foreign country and the exploitation of their domestic raw materials; monopolization of national markets and any negative influences on nature

are considered to be least dangerous. Foreign nationals perceive less danger altogether, with influences on culture being in last place.

**10. How Do You Evaluate the Role of Foreign Capital?**

**Results of the Public Inquiry**

Evaluation	Percent
Good and useful	71.6
Good only if the state can control it	11.3
Not good but necessary	9.9
Neither good nor necessary	0.0
There is no difference between domestic and foreign capital	7.1
Czechoslovakia now has sufficient domestic capital and does not need any foreign capital for that reason	0.0

**Comment:** Not one (!) of the representatives of a joint venture felt that foreign capital "was not good and was not necessary." More than 70 percent have no reservations regarding the influx of foreign capital. Only 10 percent said that foreign capital was "not good," but

admitted that its influx is essential. Given the large majority who support foreign investments, an attractive joint venture policy would enjoy adequate support.

#### 11. How Do You Evaluate the Economic Prospects of the Czech and Slovak Federal Republic?

##### Results of the Public Inquiry

Prospects	In Percent	
	Czech/Slovak	Foreign National
Unfavorable	4.20	16.7
Considerably unfavorable	6.30	16.7
Average	44.80	33.3
Good	41.70	33.3
Very good	3.13	0.0

**Comment:** Once more, the foreign nationals have a tendency to be more pessimistic (or more realistic) as far as the economic future of Czechoslovakia is concerned (that is to say, over the next five years) than their Czech and Slovak colleagues. If we transfer these results to the region of Slovakia, the outlook is more pessimistic, for Bohemia and Moravia it is approximately balanced, and Prague is the most optimistic portion of the state when we inquire about the economic prospects of the CSFR.

##### A Program To Support Foreign Investments

After presenting some of the most interesting results of the first in-depth investigative study on joint ventures, it is natural to mention some aspects of current Czechoslovak policy in the area of joint ventures.

Over the entire state, you can read and hear how foreign investments—and, particularly, long-duration joint ventures—are important to the modernization of the national economy. Ministers are attempting to secure the willingness of foreign corporations to invest in Czechoslovakia, regional offices of the Czechoslovak Chamber of Commerce and Industry are not hesitating to contact their colleagues in the United States and are attempting to attract U.S. corporations. As a result, someone might consider that Czechoslovakia has a very well developed program for supporting foreign investors or international EJV's.

At the federal level, the minister of finance has proposed, as a part of the tax reform, the lowering of tax rates on profits for domestic enterprises from 55 percent to 45 percent. The proposal was approved by parliament prior to the elections and will become effective 1 January 1993. This decision will increase the tax on the profits of EJV's by 5 percent (from 40 to 45 percent). But that is not all. The introduction of the Commercial Code on 1 January 1992 did away with the possibility of requesting tax relief for a period of two years, provided that all profits achieved during that time are reinvested.

The underlying goal was to provide identical opportunities for all corporations within the borders of the CSFR. During the same period, the Czech minister for economic policy and development and the Slovak minister

for economic policy introduced support programs—five in the Czech Republic and six in Slovakia. It appears to be a paradox to have supporting programs on the one hand to support the same opportunities on the other hand. If there are to be support programs, then why not support programs for foreign investors for international joint ventures? Why should a foreign investor enter on the scene in Czechoslovakia if he is to get the same treatment as any other domestic businessman? He would rather invest in Ireland, Portugal, Turkey, or Hungary. But is this not the exact opposite of what the politicians are asserting and of that which people in the Czech lands and in Slovakia want (see the above empirical study)?

##### Director on Future of CSFR Railroads

92CH0982C Prague SVOBODNE SLOVO in Czech  
15 Sep 92 pp 1, 3

[Interview with Jaromir Kunst, director general of the CSFR railroads, by Jaroslava Fidlerova; place and date not given: "Will We Divide the Tracks Between Us?"]

[Text] *We talked with the director general of the CSD [Czechoslovak National Railroads], Eng. Jaromir Kunst, about the condition of the railroads and, above all, about the problems facing us if the state should split up.*

[Fidlerova] Director Kunst, how is the Central Management of the CSD preparing for the transformation of railroad transportation, especially now that there is a danger that Czechoslovakia will split up?

[Kunst] For the moment, we have to wait and see what the constitutional organization will be like. If the Law on the Czechoslovak Federation will be amended to the extent that we were able to study, the CSD will be dissolved and its rights and obligations will be transferred to its successors—the Czech and the Slovak railroads.

Probably there will be a total separation in all areas, although there will have to be a transition period during which some problems will be resolved jointly. If the states separate, it is unrealistic to expect that there will immediately be two administrations, as of 1 January,

which will deal with each other in the same way as the railroad administrations of neighboring states deal with the CSD at this time. During the initial period, we will obviously divide the revenues on the basis of mutual rates.

We will gradually resolve the representation of two railroads in international organizations, set rates for passenger and freight transportation, as well as deal with other issues.

[Fidlerova] Are you not apprehensive about the division of assets?

[Kunst] That will be an enormous job. Naturally we will have to take into consideration the Law on the Division of Federal Assets, which will apparently be discussed by the government in the near future. We have already set up a commission in the Central Management, which will handle the possible division of assets among the successor railroads in six subcommissions. It will be possible to implement some things relatively quickly, possibly from 1 January. First the infrastructure will be divided as will the fleet of passenger cars and locomotives. Then we will gradually deal with the fleet of freight cars.

[Fidlerova] If the separation of the federation is approved, among other things, the Federal Ministry of Transportation will cease to exist. After the temporary measures, which are sure to follow, what do you think the final stage of the organization structure will be like?

[Kunst] I believe that it would be advantageous if there were an independent ministry of transportation in the Czech Republic. Not only because of the importance of this department, but because of its linkage with similar agencies abroad and its potential future function, which is to direct the entire (not only railroad) transportation system in the republic.

[Fidlerova] The state requests services from the railroads for which it has to provide compensation. There has been talk about the need for a contract between the state and the CSD for a long time. Is this realistic?

[Kunst] The basic prerequisite is correct legislation. The rights and obligations of the railroads and the state would have to be anchored in a law on railroad transportation. This includes the obligation to conclude a contract every year, not only between the railroad and the state but also between the railroad and the regions, for example, about the operation of tracks that provide transportation services for these territorial units. In any case, we do not want to terminate any of the routes administratively. I expect that transportation offices will be created in the regions and they will make the decisions on the specific transportation systems in their areas.

[Fidlerova] I thanked the director for the interview, stating that we will return to the problems relating to the railroads in the near future.

### Outsider Response to Slovak Constitution Noted

92CH0972B Bratislava *SLOBODNY PIATOK* in Slovak  
11 Sep 92 p 2

[Commentary by Vlado Bibel: "Constitution and Concessions"]

[Text] Let us recall June 1991 when Slovenia and Croatia proclaimed their independence. At that time the media around the world paid a lot of attention to the ceremonial acts in Ljubljana and Zagreb. In the air there was a threat of war, even though many did not believe it. Judging by the scant reports and commentaries in the foreign press on the declaration of Slovak constitution, the world does not expect similar developments here and believes that the Czech-Slovak divorce will be civilized.

Last week a report came from France about the decision to establish a consulate general in Bratislava. Given the current developments, it can be expected that one day it will become an embassy. But the jubilant zealots must be reminded that such a sequence of events in establishing diplomatic relations is not a matter of course. Diplomats from one Asian country will tell you, and such an attitude will probably not be atypical, that if there is a Czech-Slovak divorce they will no longer maintain contacts with Slovakia through their Prague office, but will delegate them to their embassy in Vienna.

In contrast to the independence efforts of the Slovenes and Croats more than a year ago, today few abroad would venture to intervene in our internal political developments by expressing their sympathies with the common state of Czechs and Slovaks. "Intervention" means introducing questions about what will happen to the Slovak economy, the Hungarian minority, and, even, what will be the fate of democracy.

The British daily FINANCIAL TIMES asserts that Slovakia will lose between \$300 million and \$1 billion in Czech subsidies. The French LE MONDE points out that the preamble of the constitution begins with the words "We, the Slovak nation" instead of "We, the citizens of the Slovak Republic." The newspaper also quotes the words of Vladimir Meciar that the constitution "respects European norms, as far as the guarantees of minority rights are concerned."

Worth noting is the support given to the Slovak constitution by the Czech language service of the BBC. Its commentator reminded Czech critics of the Slovak constitution that a very similar national upsurge based on language as the main criterion of national identity led to the separation of the Czech lands from Austria in 1918. But her remark can also be interpreted in the sense that Slovaks are 74 years behind the Czechs.

A Hungarian minister with a beautiful Slovak name inspired his listeners to similar reflections on the rationality of the centrifugal national movements. In the Bratislava Diplomatic Club, the head of the Hungarian diplomatic service, Geza Jeszenszky was holding forth about his forefathers from Upper Hungary, and in a downright sentimental way recalled the times when

Slovaks and Magyars were both Hungarians and communicated together in Latin. And then immediately acknowledged that the Hungarian oppression of the Slovaks was unjust. Together with this exculpation he brought to Bratislava a proposal for a "Slovak-Hungarian settlement." He sees it in searching for historical truth, in finding trust, as well as in a compromise on the "nonpolitical affair" Gabcikovo-Nagymaros, and in the development of economic cooperation. But, there is the catch, he also asked for the signing of a bilateral treaty on the issue of national minorities. V. Meciar refused, citing the situation of the Slovak minority in Hungary.

However, in negotiations by the two sides it is difficult not to talk about what the second party wants if the first party cannot speak from a position of strength, which is something the Slovak representatives can hardly do with a cool head. So that, whether we like it or not, "the question of the Hungarian minority" is on the negotiating table. It must be also kept in mind that the government of the Hungarian Democratic Forum is under strong nationalistic pressure at home—even within its own party.

The first days after the Slovak constitution was born in the parliament were marked by what the newly independent Slovakia expects. And by demands by its neighbors for concessions. Minister G. Jeszenszky sweetened them with promises. He also conveyed the willingness to satisfy the demands of the Slovak minority in Hungary and emphasized the adherence of the Hungarian Government to the Helsinki accords of 1975, that boundaries can be changed only after reaching an agreement between two countries. But he did not dispel the mistrust on the Slovak side.

#### **Slovaks Favoring Federation Said To Need Support**

92CH0991B Prague LIDOVE NOVINY in Czech  
24 Sep 92 p 6

[Commentary by Jiri Jarkovsky: "Czech Munich"]

[Text] Of all the slogans of the former regime, the one I could tolerate the least was the one about the Munich betrayal. It was a cliche that was downright two-edged: On one hand it was supposed to convince citizens that in 1938 they could not have done anything else but obey orders, and on the other hand it tried to create a picture of an eternal perfidiousness of the West. At first I only suspected it, and finally a thorough study confirmed my theory: in 1938 the Czechoslovak Republic betrayed itself, because it did not defend itself the way every living creature, man, or state should defend themselves when everything is at stake.

At a moment when British and French publicists speak about Munich as something perfidious, it is, of course, something different. I see it above all as a critical look at the past of the actors in that agreement. Here Munich can be a symbol of cowardice and abandonment of a friend in need, and it is not a phrase, but a characteristic

that has universal validity. I abhor many things about the agreement on the breakup of the state, arrived at by ODS and HZDS several months ago, but one point I consider to be most improper. It seems that part of this "package" is a "gentlemen's agreement" that the Slovak nationalists of all shades can do what they like with the Slovak democrats faithful to the idea of a Czechoslovak state. I find particularly unacceptable the fact that at a time when Czechoslovakia still exists legally as a state, Slovaks Egon Lansky and Magdalena Vasaryova, whose only offense was that they believed in its existence and disagreed with its breakup, are being dismissed from the diplomatic service.

If Vaclav Klaus really means seriously what he said in Lany about following in the footsteps of Tomas G. Masaryk, then the state, which will arise on the territory of Bohemia, Moravia, and Silesia, will have to offer those diplomats a place in its service. He should also say that he will give sanctuary to all Slovaks who will be persecuted in their own country for their belief in democracy and Czechoslovakia. We should all speak up about it, if we do not want the word Munich to assume another despicable, and unfortunately specifically Czech, meaning.

#### **Slovaks Value Achievements of Socialist Period**

93CH00184 Prague MLADA FRONTA DNES in Czech  
30 Sep 92 p 1

[Article by (sla): "The Best Years for Slovakia? 1948-89"]

[Text] Most Slovak citizens—in fact, 21 percent—said that the best years in Slovak history included the period 1948-89. That is evident from investigations conducted by the Institute for Public Opinion Research, investigations conducted during the first half of September.

In the period mentioned, Slovakia was actually transformed from a relatively backward agrarian country into an industrialized society and in fact became equal to the more developed Czech Lands.

The poll also indicated that, while the Czech public places an equal value on older history—the period of Charles IV—and on the pre-Munich Czechoslovak Republic, the Slovak public sees greater value in more contemporary history. That is so because the period of the Slovak state placed second, and eight and seven percent of the respondents respectively ranked the national rebirth movement, the Slovak National Uprising, the period of 1945-47, and the post-November period next.

The period after November 1989 was ranked as the most important phase of history in Bohemia by four percent of the population.

Although the Slovak public highly valued the socialist era, it considered the greatest personality in history to be Milan Rastislav Stefanik, the man connected with creating the Czechoslovak state. Twice as much prestige as, say, V. Meciar and J. Tiso was ascribed to T.G. Masaryk

with a 10 percent preference. In the view of the Slovak public, Czech personalities turned up more frequently than Slovak personalities did in Bohemia, where the most important individuals are considered to be T.G. Masaryk, Charles IV, J.A. Komensky, J. Hus. In other words, again the majority of personalities from older historical times.

### Slovak Rightist Parties Attempting Merger

92CH0953A Prague METROPOLITNI TELEGRAF  
in Czech 11 Sep 92 p 3

[Commentary by Peter Schutz: "Slovak Right's Maneuvers"]

[Text] There is no question that the early creation of an independent state will be a turning point even on the Slovak political scene. But the processes will be diametrically opposed in the two wings. While the dominant left wing, despite Meciar's calls for national unity, will quickly drift apart for a 101 reasons, the shattered right wing has no other option but to attempt to integrate its rather small forces.

The need to unite rightist entities began to be considered immediately following the disastrous elections. But, from the very beginning, the preliminary talks between the ODU [Civic Democratic Union] and the DS [Democratic Party], and between the Slovak ODS [Civic Democratic Party] and the MOS [Hungarian Civic Party] were marked by special interests, differently attuned emphases, differing opinions on the measure of integration, and metamorphoses of the ideas of the former head of the DS, Mr. Holcik, who turned out to be the strongest opponent of the idea of unification. MOS was very restrained toward the solicitations from the beginning, and it justified its aloofness by its orientation toward Hungarian voters. The ODS's behavior was totally ambiguous while the ODU, as the driving force of integration, made no effort to hide its ambitions of playing the first fiddle in any possible union, a fact that was naturally not viewed particularly positively by the other partners.

It seems that the ice is finally beginning to break. The recent DS republican congress changed its entire group of leaders, including Mr. Holcik, and the resolution that was passed granted the new leadership the mandate to deal with the entire rightist spectrum regarding all forms of integration, including total assimilation. One week later, the ODU republican council granted the same mandate to the executive committee of the party. Suddenly events took on such speed that, according to the chairman of the ODU, Martin Pormbjak, the marriage between two members of the former governmental coalition could take place as early as this year, assuming that the November assembly supports the plan.

But the latter has no choice. The primary reason for the mutual conciliation is neither the platonic affection of kindred, conservative-liberal spirits threatened by the elections, nor the expected synergistic effect of a well-considered fusion. The ODU, with debts in the millions

from the preelection campaign and from the unsalable daily, VEREJNOST, is about to go bankrupt, and it would not like to see it bought by Mr. Meciar in the bankruptcy sale. On the other hand, the democratic party lacks the human resources to present the obligatory criticism of the government or alternative parliamentary programs for four years in an extraparliamentary position.

The Slovak ODS is also struggling with the same problem of an inadequate number, or rather total lack, of personalities. The division of the federation will cut it off from its influential Czech parent and it will lose its only capital—the image of Vaclav Klaus. Therefore it is rather incomprehensible that its leaders differ in opinion on the issue of joining the merging duo. In view of the situation in which the Slovak right finds itself, the vanity of the party bosses and fear for seats and functions seem to me to be rather infantile. For I cannot imagine any other reason for the reserved attitude of the Slovak ODS, unless it is waiting for instructions from Prague.

Not long ago, other ideas surfaced about a looser union of the Slovak right under the umbrella of the KDH [Christian Democratic Movement]. But, in this case, it was a matter of wishful thinking; despite the very positive movement among the Christian Democrats after Klepac's fundamentalists split off, Carnogursky's "national proportions" are too extreme for a significant number of the members of the ODU and the DS. In addition, the transfusion of liberal blood into the sometimes very conservative veins of the KDH would not be viewed especially positively even by the nucleus of the movement around Carnogursky. Nevertheless, the present relations between the KDH and the ODU are incomparably better than they were while they were running the government together.

### Former Prime Minister To Teach at New University

93CH0017B Prague CESKY DENIK in Czech  
28 Sep 92 p 4

[Unattributed article: "Pithart at the University"]

[Text] Brno—Petr Pithart, former prime minister of the Czech Government and chairman of the Presidium of the Civic Movement, will, as of 1 October, become active at the Central European University in Prague, where he will devote himself to the new wave of nationalism in postcommunist Europe, with special emphasis on Czech-Slovak relations.

The Central European University was established in Prague in April 1991 as an international research and educational center for students from Central and Eastern Europe. Among others, it deals with new procedures involved in teaching those disciplines which were most impacted by communist deformation, for example, the social sciences and the environmental sciences, including mathematical methods. The Central European University, which is administered by the Ministry of

Education, Youth, and Physical Training of the Czech Republic, has a building in Prague in the Zizkov District.

### New View of Nutrition Slow in Reaching Population

92CH0976A Prague RESPEKT in Czech No 36, 1992  
pp 5-7

Article by Petr Holub: "Why Are We Dying So Early?"

[Text] Only 20 years ago, Czechs and Slovaks lived approximately as long as did the West Germans or Austrians. Today, we are dying roughly seven years earlier. The resigning Czech minister of health, Martin Bojar, recently summarized his experience this way: "There is no doubt that our health is deteriorating. The state of health of the individual as well as the nation is alarming. The citizens' attitude toward daily prevention, lack of sleep and exercise, and overeating must change. As long as we do not succeed in eliminating the risks to which we voluntarily, out of foolishness or accustomed laziness, expose ourselves, nothing in these alarming statistics will change."

According to the deputy of the chief public health official of the Czech Republic, Dr. Jana Foltinova, the main problem is overeating. "Twenty to 30 percent of our children are already obese. Then there are the consequences of obesity, rheumatic pain, diseases of the motor system, sclerosis, and heart disease."

### Price of Self-Sufficiency

The basic motivation of the agricultural policy of socialist Czechoslovakia was self-sufficiency in food production. But this on the whole seemingly reasonable initiative caused tragedy. The deputy in the Department of Food Production in the CR [Czech Republic] Ministry of Agriculture, Bretislav Orna, puts it succinctly: "In contrast to other shops, there was always something to buy in food markets. And so people bought food and alcoholic beverages."

The agricultural policy of self-sufficiency caused another problem. Members of cooperatives were achieving the prescribed output by applications of high doses of chemical fertilizers. This practice, together with industrial pollution, led to increased concentration of harmful substances in food. Some of them (for example, cadmium) are proven carcinogens. That is one more reason why the incidence of colon cancer has increased three-fold.

### Grandmother Was Right

Today we no longer need to be self-sufficient and we are importing food. The amount of pesticides in our diet is diminishing, but our life-style is not changing.

According to the so-called strategy for healthier diet of the "National Program for Restoring and Supporting Health in the Czech Republic," we should reduce the consumption of animal fats (mainly pork and milk fat) by 25 percent, increase consumption of fruits and vegetables (by 50 percent), legumes and products made of

dark and whole grain flour, and cut back on the consumption of sugar. Further, we should reduce the consumption of egg yolks, salt (to 6 grams per person daily), processed smoked meats, and alcohol. It is recommended that the period of breast-feeding be extended to four to six months.

"Our ministry is not proposing anything new," said public health official J. Foltinova. "We are merely recommending what our grandmothers used to tell us: Eat until you are half-full, drink until your thirst is half-quenched, and take a little bit of everything. But people do not want to adhere to the principles of a correct diet. In the end they simply eat what they like."

The Ministry of Agriculture, which already put out a paper on "Nutritional Policy," is to cooperate on reaching the "strategic goal." But both ministries have only limited means to save the Czech from his unhealthy life-style. The nutritional specialists rely on education and information, and people in agriculture want to subsidize production of "nutritionally desirable foods." The Czech National Council should pass a law on food products by the end of the year, a law on consumer protection is being drafted (for the time being there is the civil code), and a food code.

### You Have To Die Anyway

Ordinary people in the street worry about diet only up to a point. "We are certainly eating very unhealthy things. Everything is full of biphenyls, nitrates, and other poisons. Maybe it is being more controlled now after the revolution, but most likely it isn't any better," says a long-haired street sweeper outside a building in the center of Prague. A young mother offers a similar opinion: "I try to buy the best things available, but I don't know if it's even worth it. It is quite possible that the so-called healthy foods have even more of the harmful substances in them." A portly man in his forties, foreman in a machine tool factory, does not bother his head with the quality of food: "Look, I eat everything. You have to die sometime, and if I do not eat a square meal, I get no pleasure out of life."

An elderly laborer refuses to discuss it: "Don't ask me, go and ask those Germans who are coming here to feast. If our foodstuffs are so bad, why are they carrying back with them suitcases full of chickens, bread, yogurt, and I don't know what else." The mother of two preschoolers is dubious about the quality of food products: "I believe that some products are not inspected before they come into the stores. In addition, an awful lot of food is being sold that is spoiled or has an expired last date of sale." The mosaic of views is completed by an intellectual-looking young man: "Food is our national fetish. Nobody ever gave a damn about its quality. The main thing is to have something to stuff oneself with."

### Our Food Products Are No Worse

Employees of all food inspection offices agree on two points. First, the consumers do not know their rights and do not pay attention to the quality of the purchased

goods. "We find most of the problems with food products by simply inspecting them and checking the date by which it is to be consumed. This obvious measure can be taken by everyone. Also, shopkeepers are obliged to exchange defective goods, even if you only find out about the defect at home. But often people do not know that," says L. Ketlova, member of the agricultural inspection agency.

Second, our food products are not as bad as they are generally made out to be. They are no worse than Western goods, and the Czechoslovak standards are, according to B. Orna from the Ministry of Agriculture, even stricter than West European ones. J. Foltinova from the Ministry of Health asserts that some Western goods would not pass our food safety inspection.

According to available statistics, Czechs actually eat less than citizens of developed countries. In meat consumption (here about 90 kg per capita per year) we are behind Germany by 10 kg, and by as much as 30 kg behind the United States.

**Why then are we dying seven years earlier than people in the West?**

#### What Is Harming Us

Harmful substances enter our food in three ways, and man is responsible for two of them. The first contamination by residues of fertilizers and pesticides occurs during the processing of food. Notorious are the nitrates, which prevent the forming of red blood cells in infants, and in adults are obviously the cause of liver cancer. Other dangerous substances are heavy metals—arsenic, mercury, lead, and cadmium. The greatest ecological scandal in agriculture in recent years was the case of biphenyls (PCB), which are concentrated primarily in cow's milk. Biphenyls are suspected of being carcinogens, and the human body is able to get rid of them only slowly and with great difficulty.

However, the debate about biphenyls brought to attention one interesting aspect of the concern about contaminated food. According to Dr. Ivan Gut from the State Public Health Institute, there is no way but to accept a certain minimal amount of contamination. The reason being that after reaching a certain "level of purity," further improvement of the parameters of purity becomes excessively expensive.

Further contamination with other harmful substances occurs during the preparation of food. Breakdown during the heating process as a rule produces thousands of new chemical substances in food. A person ingests approximately two grams of them every day. Some of these substances have been tested on rats, and three-quarters of them turned out to be carcinogens. Nevertheless, heat processing of food is necessary. That is the only way to destroy another enemy of human health—bacteria.

The third category of harmful substances in food consists of some natural substances. For example, lettuce contains nitrates even without an outside intervention. (But

a person does not eat enough of them to be seriously affected). According to the theory of California scientist Bruce N. Ames, published two years ago, there even are natural harmful substances in food (so-called natural pesticides). According to Ames, we eat 1.5 grams of natural pesticides a day, whereas only 0.1 mg of chemical ones. The ratio is therefore 1:15,000 in favor of the natural pesticides. The scientist tested 52 kinds of natural pesticides, and half of them had a carcinogenic effect on test animals.

Specialists confirm that almost all foods contain substances that are suspected of promoting proliferation of cancer cells. However, I. Gut warns against unnecessary fear; a man has a number of protective substances that destroy cancer. Some vegetables also give protection: broccoli, cabbage, dill.

#### Why, Then, Are We Sick?

According to Dr. Bohumil Turek from the State Public Health Institute, the poor state of health of our population is caused by a combination of several factors. "First is the environment. In Belgium there is the same damage to the environment, but people are healthier. But here another factor enters into it—the composition of the diet. For example, we consume a lot of fats, which oxidize in combination with some of the harmful substances in our food. That leads to cancer."

The cause of the unchanging incidence of cancer is, according to Dr. Turek, genetic.

But in Austria, for example, the incidence of tumorous diseases has been successfully reduced. "Physiology must therefore also play some role," says Dr. Turek. "The Romanians do not overeat the way we do, yet the incidence of heart ailments is as frequent there as here and in all the countries of the former East bloc."

#### Ridiculous Germans

In what does the life-style of our healthier Western neighbors differ from ours? The Western countries built up a network of health food stores where foods grown without the use of chemical fertilizers can be bought. Here such stores do not exist yet, because organic foods must be grown in soil that has been rid of chemicals for at least three years. And such is not yet available here.

Dr. Foltinova of course points out that a doctor must be consulted about every kind of diet. Some vegetarian diets are said to be inappropriate, and a one-sided diet may lead to permanent health problems, particularly in children.

The Western consumer differs from the Czech consumer especially by the care with which he chooses what to buy. Czech citizens sometimes laugh at the Germans' strenuous effort to find the right kind of meal here. It is, of course, much better to do that than to eat everything one sees, and rely on doctors to be saved.

#### [Box, p 5]

The progress of food from the source to the consumer is followed by three agencies of state control. The Ministry

of Health operates a network of okres public health centers, which also include a department for monitoring food quality. The chief of this department in Prague 1, Dr. Jaroslava Schmidtova, explains her work: "Our goal is to prevent food from harming people's health. We pursue especially those cases where the danger is hidden, for example, we make a microbiological analysis of foods. We also monitor the observance of health regulations during the processing and selling of food. The okres public health official issues permits for any kind of food processing."

Dr. Schmidtova confirms that definitely not all Czech entrepreneurs have the principles of food purity in their blood. She illustrates it with the example of a cook who was mixing potato salad with his hands. "Everything had to be thrown out, of course, and the worker will be given a fine." In the Ministry of Health works the chief public health official of the Czech Republic. He judges the quality of every kind of food product which is to be introduced in our market. No food products can be imported without his certification. The scientific center of the public health service is the State Health Institute founded by T.G. Masaryk, which is located next to the Vinohrady hospital. The Czech Agricultural and Food Inspection Bureau approves the sale and distribution of food products on the basis of a certification of purity. This institution is part of the Ministry of Agriculture, and its offices are in the former kraj towns. It supervises the processing and quality of food products according to health as well as technical standards. Eng. Ludmila Knetlova from the Prague central office insists that lately the number of defects in food products has increased. However, she sees the lack of experience on the part of beginning entrepreneurs as the reason. "They do not realize that there are strict standards for the appearance and content of every kind of product," she says. There is the well-known case of the illegally sold Stolichnaya vodka, the quality of which differs substantially from the quality of the alcoholic beverage of the same name which used to be imported here by the former Soviet producer. Nevertheless, at least the new imitation, even though its taste falls short, is not harmful to health.

The Czech Trade Inspection Agency [COI], managed by the Ministry of Economy and Trade, has a similar structure as the Agricultural Inspection Agency. Its

watchful eye monitors particularly the conditions of sale and adherence to the date of the last possible sale, which is one of the most important parameters of the edibility of food. In addition to that, COI deals with citizens' complaints (even anonymous ones), and is available for consultation and advice. The new trade law has increased significantly the fines which the inspectors can impose—2,000 korunas [Kcs] on the spot (previously Kcs200), Kcs220,000 in administrative proceedings, in some cases Kcs1,100,000 (previously Kcs5,000 and 50,000, respectively). "In one restaurant the waiter overcharged by Kcs35," says a COI inspector. "He admitted his error like a good sport, with a smile. He probably did not suspect that we were going to propose a fine of Kcs50,000."

In some cases the fine is a prohibition to sell the old goods. The foods which show an expired term of sale most often are those with a short certified term of sale, such as yogurt, cheese, coffee, or chocolate. Small shops in the country sell expired food products more often than in towns, where there is a big turnover.

[Box, p 7]

The State Agricultural and Food Commission found during inspections of Czech food enterprises during the first half of 1992 the following percentages of defects: Ten percent of milk products did not meet standards, canned goods 5 percent, meat products 10 percent, beer 2 percent, wine 20 percent, baked goods 10 percent, cakes and pastries 20 percent. The defects found in wine concerned not only a higher content of sulfur oxide, but also purity, aroma, taste, higher sugar content, and improper labelling. The defects in baked goods consisted mostly of lower fat or sugar content and a higher content of salt, in meat products a higher content of water, fat, or salt.

The health standard determines the allowable concentration of heavy metals in food products. However, the amount of heavy metals in individual kinds of food products changes from year to year. For example, in 1988 the limit for baked goods was exceeded, the following year, however, the amount of cadmium was only half of the allowed limit. On the other hand, natural wines had no cadmium in 1988, but in 1989 cadmium in wine was up to 80 percent of the allowed limit.

**Csurka Defends Views in DER SPIEGEL Interview**

93CH0039A Hamburg DER SPIEGEL in German  
12 Oct 92 pp 234-235

[Unattributed interview with Istvan Csurka, parliamentary representative and vice president of the Hungarian Democratic Forum; place and date not given: "I Only Want To Protect My People"]

[Text] [DER SPIEGEL] Mr. Csurka, with your manifesto on the situation of Hungary, you have, two years after the turn, lit an enormous stink bomb of fascist and Nazi vocabulary. Do you want a totalitarian Hungary?

[Csurka] There are two kinds of reactions to my study: Those who have really read it are for or against it. The others only know a wash of the media that are ill-disposed to me. They hit me with the sort of label you have mentioned.

[DER SPIEGEL] We ourselves have arrived at this view, as has your own party friend Jozsef Debreczeni, who calls you a fascist. You speak, for example, of *lebensraum* [living space] for the Hungarian people.

[Csurka] The concept of *lebensraum* does not have the meaning in Hungary which it had in the Nazi [party newspaper] VOELKISCHER BEOBACHTER.

[DER SPIEGEL] Hungary's neighbors, however, have understood it precisely in this way: As a territorial claim.

[Csurka] I do not understand the concept of *lebensraum* in an expansionist sense. I merely want to protect the existing *lebensraum* of the Hungarians. And it is being threatened. Slovakia has passed a constitution which does not grant true minority status to the Hungarian population there. I do not want to reconquer previously Hungarian territories, I only want to defend the Hungarians living there.

[DER SPIEGEL] But this is not the message that comes across in what you have written. For example, you write about the impending end of the Yalta agreements on the division of Europe and about the injustices of the peace treaty of Trianon, which, after the First World War, cost Hungary two-thirds of its territory. Behind this, without a doubt, there stands the desire for border revision.

[Csurka] Well, O.K. The Serbs, too, after all, are in the process of correcting a few things. They are exterminating tens of thousands, locking them in concentration camps, and driving hundreds of thousands out of the country—among other places, to Hungary, where we now have to take care of them.

[DER SPIEGEL] But the kind of rhetoric and agitation which distinguishes your manifesto, that is how it started there.

[Csurka] The Serbs attack, I only reflect. Hungary is not Serbia. But if Hungarians outside the country's borders can no longer assume that the motherland will concern itself with their interests, they are lost.

[DER SPIEGEL] With your aggressive sounds you achieve exactly the opposite: The governments of the neighbors only distrust their Hungarian minority even more.

[Csurka] This is what these governments have been doing already for 40 years, not only since my study. It is not we who have territorial claims. Think of the planned Danube power station at Nagymaros. We have bailed out of this project, and now the Slovaks want to go ahead on their own. However, this means that they are changing the borders high-handedly and arbitrarily. For the border runs along the middle of the river. But once the barrage weir with locks are completed, the Danube will become a trickle. This means that the border will be moved to our disadvantage.

[DER SPIEGEL] Which surely could be settled through negotiations.

[Csurka] I am quite in favor of negotiations—by the way, also on Yalta, precisely because I see the nationalist dangers in this area. The new reflections about Europe, after all, began long ago—at the latest since the reunification of Germany.

[DER SPIEGEL] Correct. But you are sowing discord between the nationalities within the former Eastern bloc. And others, for example, the fascist, Vatra Romanescă, in Romania, are doing the same thing. Where is this supposed to lead?

[Csurka] Here you are mixing things that have nothing to do with one another at all. I am not inciting another people, as Vatra is doing. I only want to protect my people. This also includes Slovaks, Jews, and Gypsies, who have always belonged to Hungary.

[DER SPIEGEL] Jews and Gypsies see this quite differently; they do not feel protected by you, but rather threatened. In your manifesto you say that in Hungary there live population strata with multiple handicaps, among whom the stringency of natural selection does not operate. What groups are these?

[Csurka] Not the Gypsies; I am sorry that this impression has come into being. By the way, I do not assume that of the 700,000 Hungarian Gypsies all too many have read my study.

[DER SPIEGEL] You especially attack the Hungarian Jews. According to you, they, in association with the old nomenklatura and the international world of finance and banking, belong to the eternal conspirators against the Hungarians.

[Csurka] This is not something I have invented, these are facts. There are groups that always remain within the orbit of power and have salvaged their influence past the change as well.

[DER SPIEGEL] This influence you see above all in the media. Is it not simply the objective of the government to control them in order to win the next elections?

[Csurka] The fact is that the radio and television are inciting the public against the government.

[DER SPIEGEL] Because they are critical.

[Csurka] No, it is at times open, at times hardly concealed subversive activity.

[DER SPIEGEL] Unrestrained terror, which every day lets the government bleed to death, as you put it. You marched with tens of thousands of followers to the radio station. So who is perpetrating terror?

[Csurka] This demonstration resulted from the discontent of the Hungarians.

[DER SPIEGEL] The Constitution guarantees freedom of the press. You probably have no intentions with regard to it.

[Csurka] I hope that the time will come when we will have real freedom of the press in Hungary. For me, there is no freedom of the press when all Hungarian newspapers, or at least 85 to 90 percent, day in and day out, in the same tone fight for the same goals.

[DER SPIEGEL] You have called on Prime Minister Antall to name a successor because of his poor health. Do you want to become that successor?

[Csurka] That is vulgar slander. That Antall is ill is known. I am only guided by my anxiously caring about him.

### Government Submits Property Policy Guidelines

#### Delayed 1992 Guidelines

93CH0014A Budapest HETI VILAGGAZDASAG  
in Hungarian 19 Sep 92 pp 101-102

[Article by Dela Weyer: "Property Policy Guidelines; Postscript"]

[Text] By engaging in a tug-of-war over the 1992 property policy guidelines, Hungarian lawmakers—and the government submitting those guidelines, in particular—have managed to dish up a real parliamentary treat. Not only because today, in the second half of September, the dismantling of state-owned property still continues without accepted guidelines, but more importantly because of the content of the draft law: The proposal concerning the utilization of revenues resulting from privatization cannot even remotely be reconciled with the loudly heralded goals of "modernizing the economy" or "paying off the national debt."

A unique legislative event is expected to occur soon in the Hungarian parliament, at least in theory. For parliament has just begun to debate the proposal pertaining to the 1992 property policy guidelines, even though theoretically it should already be preparing to take up the 1993 proposal. The fact that we are in the middle of September and the draft proposal designed to lay down the central theme of privatization and govern the distribution of the resulting revenues has only reached the general debate stage, and that consequently the debate

over its details and numerous proposed amendments will hardly be completed in time to effect the adoption of the law still this month, is only half the problem.

The other concern, as deputy Karoly Lotz (SZDSZ) [Alliance of Free Democrats] reminded the drafters of the proposal during the general debate, is that, according to the provisions of the already adopted law on the sale of property temporarily owned by the state, the lawmakers should already be preparing to debate the guidelines pertaining to next year, in view of the fact that they are required to be sent to parliament together with the regularly submitted budget proposal. If, therefore, the financial authorities, adhering to the rules of the game and the house, submit the budget in a timely fashion, then theoretically the 1993 proposal could actually beat the one for 1992 to the finish line, or at least there could be two separate proposals put before the representatives, both bearing the "property policy guidelines" title. Realistically speaking, and especially in view of the experiences of the past, we hardly need to worry about the draft budget proposal arriving too soon. What is a cause for concern, however, is the content of the draft proposal that is currently being debated under the slogan "better late than never." Of course, as it is often the case with guidelines of this kind, there is in fact very little in the general definitions that one could challenge. For who could take issue with the overall thrust of the draft proposal on "privatization objectives and main procedural rules for 1992" that has pointed to the "establishment of a proprietary structure characteristic of the modern market economies," the "strengthening of market competition" and the "promotion of integration into the world market" as the milestones along the road toward economic salvation?

Nevertheless, even the general debates have led to a slight shift in the direction of the policy of privatization. While the key words of earlier property policy guidelines were lucidity, effecting competition, and simple rules, the ones currently proposed are slightly different in suggesting that "the rules of competition" must be clear "to those affected."

Without a clear definition of who is meant by "those affected," however, this can, to put it mildly, adversely affect the purity of the privatization process. "This is not privatization any more; it is a property giveaway," said Bela Katona (MSZP) [Hungarian Socialist Party] during the general debate. According to the Free Democrat Karoly Lotz, the provision authorizing the free transfer of property to foundations agreeing to undertake state functions is a touching example of giveaway and charity, for the law does not provide precise criteria for what should be considered state functions. Consequently, even an organization such as the recently formed Turulhaza Fund, for example, can gain quick access to property, claiming that by educating our youth it is undertaking a state function.

There is no doubt that since neither the privatization process nor the turning of the calendar have come to a halt and the year is nearly over, the most important part

of the draft proposal today is the provision pertaining to the distribution of the revenues resulting from privatization. When it comes to dividing up the 50-billion-forint net sum, suddenly there is much less discussion about the goals that are so amply discussed in the introductory paragraphs. Twenty billion will be "snatched" right off the top, which is the amount the proposal says should be paid directly into the budget. Even of the remaining 30 billion, however, only a few relatively minor items are proposed to be committed to real economic transformation, including the 4 billion forints to be "allocated" for the establishment of a comprehensive system of credit guarantee institutions. One such allocation in the amount of 2 billion forints will go to the State Property Management Corporation (AV Rt.), and that is only for this year, as the draft proposal does not neglect to act that "upon determination of how much capital will be needed in 1993, additional allocations will be necessary."

The entity that promises to be an even more gaping bottomless pit than the AV Rt., however, is the Hungarian Investment and Development Corporation (MBF Rt.), which in the heat of the debate a representative of the opposition has inadvertently referred to as "MDF [Hungarian Democratic Forum]" Rt. "Evil is he who thinks evil thoughts," the motto of the Order of the Garter reminds us, but the fact that the chairman of MBF Rt., the proposed recipient of an immediate allocation of 10 billion forints, just happens to be a prominent MDF parliamentary representative has obviously also led others to wonder. In theory, incidentally, the goals that are at the top of the MBF Rt.'s agenda are all worthy of our full support—e.g., the rebuilding of the infrastructure, regional development policy. However, it is not at all clear why an organization that practically only exists on paper should be given such an enormous sum of money so suddenly.

The gem that is the real highlight of this draft law, however, is not even in the original text, but in a laconically worded proposal offered to amend it. In that three-line-long amendment, MDF representative Katalin Rempert proposes to mandate the payment of all privatization-generated revenues collected over and beyond the 50 billion forints projected for 1992 directly into the budget. Since it can already be estimated that this year at least 70-75 billion forints' worth of state property will be sold, this proposal must have come directly from the heart of the Ministry of Finance: another 20-25 billion forints to help fill the holes in the budget. According to the Free Democrats, who seldom resort to the use of big words, this would amount to little more than, as their representative Karoly Lotz put it, "the squandering, and serious and unprecedented depletion, of our national wealth," for the real problem with this kind of auctioneering is not the fact of the selling of state property, but that the revenues collected from those sales will disappear without a trace.

No one is under any illusions, however. The only suggestion, says socialist representative Bela Katona,

towards which the governing parties may show some willingness to compromise, would be to attach a snappy postscript to the draft proposal, changing its title to "1992/1993 Guidelines."

### 1993 Guidelines Described

*93CH0014B Budapest HETI VILAGGAZDASAG  
in Hungarian 26 Sep 92 p 15*

[Unattributed article: "Property Policy '93"]

[Text] Although parliament has not even finished discussing the 1992 property policy guidelines (HETI VILAGGAZDASAG, 19 September 1992), the minister for privatization has already prepared the guidelines for 1993. According to the plan outlining the proposed distribution of revenues resulting from the sale or operation of state property, next year 40 billion forints' worth of state property will be sold, generating real revenues. Sales on privatization credit, which, according to the guidelines can only be applied toward reducing the national debt, will amount to 70 billion forints. The dividend accrued on the property registered with the State Property Office (AVU) is listed in the plan as a 1.5-billion-forint revenue. As for the dividend earnings of firms under long-term state ownership and enterprises operated by the State Property Management Corporation, 14 billion forints of those will have to be paid directly into the budget, according to the proposal submitted by Tamas Szabo. Within the budget, 20 billion forints of the privatization revenues will be earmarked for employment, regional development, and reorganization programs. To cover operating expenses, the AVU will be allocated 1.5 billion forints under the 1993 property policy guidelines, with the total cost of privatization projected to amount to a whopping 13 billion forints.

### Stock Exchange Law, Activities Discussed

#### Legal Provisions Analyzed

*92CH0958A Budapest HETI VILAGGAZDASAG  
in Hungarian 5 Sep 92 pp 91-92*

[Article by Tamas Balazs: "Detention on Remand"]

[Text] It can be said without exaggeration that Law No. VI/1990 is a landmark. As one of the last pieces of legislation enacted by the National Assembly before the change of political systems, the law went into effect on 1 March 1990. It regulates the public offering, the issuance and trading of certain securities, and the stock exchange. It is regarded as one of the pillars of the market economy. Experts intend to amend the law in the coming months, and the changes they wish to introduce are not insignificant ones.

The drafters of the stock exchange bill three years ago were in a difficult situation. After all, they had to craft regulations for relationships and institutions that did not even exist at the time, or perhaps existed merely in rather embryonic form. Only foreign regulations and experience were available to serve as their guide. But Western

laws and regulations conveyed the practices of countries with developed securities markets, and with the standards and traditions of their market economies. Furthermore, there are rather sharp conceptual differences between the regulations in individual countries; the dividing line is particularly pronounced between solutions of the Anglo-American and the German types respectively. The drafters of the Hungarian bill decided to use the Anglo-American model, supplementing it with the most essential continental (European) legal corrections.

The Anglo-American type of regulation formulates mostly broad objectives and principles, while leaving more scope for the stock exchange's own internal rules, among other things. The choice of that type of regulation as the model for a country whose legal system is related primarily to the Austro-German one, in terms of its standards and traditions, implied from the very outset that certain provisions of the Stock Exchange Law would have to be amended continually in the future, and harmonized with other provisions of civil and financial law. The experience gained so far in the course of administering the law, and the development of Hungary's securities market and of trading in securities to date likewise necessitate the review and modification of all statutory regulations pertaining to securities—in other words, not just of Law No. VI/1990—and also the enactment of new regulations.

Even in the case of securities that otherwise would fall within the Stock Exchange Law's purview, for instance, the law's provisions essentially apply at present only if the securities in question were issued in a public offering or were traded publicly. At the current level of public offerings and issues, it would certainly be warranted to place all securities under the law's purview; at least in the sense of enabling the State Securities Commission (AEF) to express its opinion, before any issue, as to whether the issue in question satisfies all statutory requirements.

One of the most urgent problems is to change the statutory regulations governing the transfer of securities. For Section 117, Paragraph 2, of the Civil Code specifically states: "Acquisition of an article's ownership requires, in addition to a contract or other instrument constituting evidence of title, also transfer of the article in question. Transfer may be effected either by placing the article in the transferee's actual possession, or in some other manner capable of making unambiguously clear that control of the article has passed to the new owner." In its chapter entitled "Securities," however, the Civil Code sets much stricter requirements when it stipulates that the claim or right evidenced by a security can be enforced, encumbered or disposed of only in possession of the given security, unless statute specifies otherwise.

Given the present volume of securities trading, the actual handing over of the securities is not always feasible; furthermore, strict insistence on physical transfer would considerably slow down trading in securities or render it entirely impossible. By all means,

therefore, a regulatory solution is desirable that does not require unconditional physical possession of a given security at the time of its transfer. Consequently, statutory regulation of financial derivatives (independent embodiments of certain rights to the underlying securities) is absolutely essential, and their separate trading must also be made possible. For instance, it is established international practice that the subscription warrants a corporation issues to its shareholders may be traded freely on the exchanges.

Already now the requirement of speed in trading comes into conflict with the statutory requirement of printing the securities. The printing and delivery of large volumes of securities is both cumbersome and costly. But the Civil Code and the Law on Business Associations would have to be amended to replace the absolute requirement of printed securities with paperless ones, in the form of readily identifiable sets of computer data. Bearing in mind the Austro-German type of regulation, however, the minimal requirements regarding the form and appearance of printed securities ought to be specified, in order to deter possible counterfeiting. New statutory regulations for the reporting, cancellation and avoidance of missing, lost or stolen securities also ought to be formulated, in line with these requirements. For the very reason that the decree of the Council of Ministers regulating these matters has not been updated since 1952.

In the preliminary professional consultations on amending the law, several experts supported a proposal that would allow publicly held corporations to issue only registered shares. This solution would undoubtedly help achieve the issuance of homogeneous shares, make the structure of shareholders transparent, and eliminate the problem of requiring foreign investors to exchange their bearer shares for registered ones. (Foreign investors at present may hold only registered shares.) Furthermore, securities accounts of registered shares would facilitate the development of concentrated trading in securities. At the same time, a very persuasive argument against this proposal is that the shareholder's anonymity would cease.

The Law on Business Associations regards publicly held corporations as the rule, and closed corporations as the exception. Accordingly, it contains only very sketchy provisions regarding the founding of closed corporations. In Hungary's experience, however, the overwhelming majority of the corporations have been founded as closed corporations. Therefore it would be warranted to specify the maximum number of shareholders who may form a closed corporation, and the limit above which the rules on founding publicly held corporations ought to apply, since they provide more protection for investors.

The issuers' obligations in conjunction with the public offering and trading of securities (prospectuses, periodic and special disclosures) require statutory regulation that is more detailed than at present, and the obligations

ought to be enumerated. Increased protection for investors also necessitates that small investors be briefed more thoroughly than at present, whenever someone acquires a controlling interest in a publicly held corporation; in the case of a takeover, in other words. The provisions on so-called insider trading should likewise be fleshed out; prohibited manipulation of the prices of securities ought to be defined, and sanctions for it introduced.

Law No. VI/1990 regulates the organizational structure of the stock exchange, but the commodity exchange does not fall within the law's purview, nor are there any special regulations for the commodity exchange. The so-called *sui generis* institutional form of the Budapest Stock Exchange—it resembles a self-regulating, voluntary, public association—can be said to be working. However, problems have arisen on numerous occasions from an organizational form "that is difficult to pigeon-hole," as well as from the difficulty sometimes of complying with the provisions regarding the stock exchange. It has been suggested in the course of the preparations to amend the law that the same statute ought to regulate both the stock exchange and the commodity exchange. The argument against this solution is that it would make the law too complicated, confusing and lengthy. Another feasible solution, supported by examples abroad, would be to enact two separate laws or one joint law on the stock exchange and the commodity exchange, and to combine in a separate Securities Law the regulations governing securities, together with the securities-related provisions of other laws.

In any case, legislators now have a unique opportunity to amend a very good earlier law and thus provide yet another impetus for the securities market's development, similar to the law's original enactment in 1990. However, the streamlining of statutory regulations and establishment of the securities market's technological base are able to provide merely the "rules of the game," a general framework. But, in many instances, also attitudinal, professional, and personnel changes, over and above a general business climate, will be essential to achieve real progress.

#### **Trading Systems Described**

*92CH0958B Budapest HETI VILAGGAZDASAG  
in Hungarian 5 Sep 92 p 92*

[Article by Andras Huszar: "A Change of Systems on the Stock Exchange"]

[Text] Practical realization of the new, computerized trading system for the Budapest Stock Exchange (BET) is nearing its final phase. The system's transfer and acceptance can be expected next March, after the completion of the remaining programming tasks and the system's trial operation. It will be remembered that a special general meeting of the stock exchange's members, on 9 August last year, had decided to put out to international tender the contract for the new system's hardware and software. In response to the invitation to tender, eight serious tenders were submitted. The tender that best

meets the stock exchange's requirements has been selected, with the help of foreign consultants, in several rounds of a lengthy evaluation process.

The winners of the contract for the project—it is being financed from the about 2 million ECU's [European Currency Units] that the European Community has provided within the framework of the so-called PHARE [Economic Reconstruction Aid for Poland and Hungary] program, and from the 0.5 million pounds received from Britain's Know-How Fund—are Digital Equipment Hungary Kft. and its subcontractor, Transvik Ltd. The former, responsible for supplying the hardware, is the Hungarian subsidiary of DEC (Digital Equipment Corporation), which in its turn is one of the world's computer giants, famous for its VAX computers. Transvik Ltd. will provide the applications software that will run on the stock exchange's computer system. Transvik's program is already being used by the London-based Nordex electronic exchange.

In comparison with the version running in London, Transvik has to make significant changes in its program to adapt it to the requirements of the Budapest Stock Exchange. The program has to be changed primarily because Nordex merely matches orders entered through computer terminals, while the Budapest Stock Exchange retains also floor trading under a traditional double-auction system. Another reason why changes are necessary is that the program was written originally to aid the operation of an equity-centric market, whereas the bulk of the trading on the Budapest Stock Exchange is in government debt instruments.

Changes will be made also in the stock exchange's trading rules. The Stock Exchange Secretariat is drafting the proposed changes and has been gathering comments from the brokers' representatives over the past several months. The primary purpose of the new trading rules, over and above integrating the Transvik computerized trading system's capabilities, is to make the auction, and, arriving at the agreed price, as transparent to investors as possible. A significant change in comparison with the auction's present trading rules will be the introduction of a so-called system of competitive bidding. In a nutshell, this means that there is an auction only in one particular security at any given time, and the bids or offers must be better than the ones already made—i.e., higher than the price bid, or lower than the price asked—or they must be at the quoted price. When the bids or offers at a given price have been exhausted, or when the spread between the prices bid and offered does not narrow any further, the auction continues in another security.

Another novelty will be the introduction of trading units, and restriction of the role of orders of the "all or none" type that ruled out the execution of any partial transaction. In the future, all orders (with the exception of so-called block orders) will allow the execution of partial transactions, in full trading units. Modification of the trading rules, it is hoped, will hamper trading at manipulated transaction prices that differ considerably from

the market prices, and will lead to a sound compromise between the interests of large investors and those of small ones.

**State Oil Company's Market Situation Viewed**  
*92CH0959A Budapest KOZTARSASAG in Hungarian*  
*4 Sep 92 pp 43-47*

[Unattributed interview with Dr. Gabor Jozsef, managing director of the Hungarian Oil and Gas Industry Corporation, and Dr. Ferenc Vissi, chairman of the Office of Economic Competition; place and date not given: "The Discreet Charm of Monopolies"]

[Text] *Certain anointed ideologues of socialism, still extant not so long ago, while they (even if not consistently) sharply criticized large international companies, did not raise an objection against the spread of monopolies in socialist economies. Because it is a fact that in Hungary (and elsewhere) the lion's share of the GNP [gross national product] was produced by the socialist sector consisting of large companies, and this fact remains true today, without the adjective "socialist."*

The Hungarian economy is one of the most centralized national economies in the world. However, international comparison shows that next to multinational firms a multitude of small and medium-sized companies are in operation, and the multinational firms, as well as the enterprises surrounding the large firms, can only be efficient and competitive if they cooperate with each other. In Hungary there are real monopolies, corresponding to the country's size, which dominate an entire branch of industry or a decisive portion of it, generally in strategic areas, such as energy planning, transportation, and the distribution of raw materials. At the same time, the firms with more than 1,000 employees are not always truly large companies; often they are groups of small and medium-sized companies forced into one organization. However, this does not lessen their influence over the economy. The companies and groups of companies (exclusively owned by the state) that, based on property, return from sales, and perhaps profits, are at the head of the "top 10" list, play just as prominent a role in the struggle for central resources (advantages), price formation, and the distribution of goods of strategic importance, as in the past 40 years.

Of course, the existence of large companies is not a problem in itself. The problem is that in spite of the reorganizations of the past two years, too large a portion of our economy is still controlled by monopolies; this prevents competition and delays the technological and organizational development of monopolized areas, the development of a healthy company structure, and, in the final analysis, growth of the GNP. In our articles we will try to show the situation of monopolies and competition in Hungarian economy, and paint a true picture of the largest Hungarian company, the Hungarian Oil and Gas Industry Corporation.

**A Small One Among the Large Ones**

Nowadays everyone can find things to grumble about according to his taste, position, and temperament day after day. In the service of annoying the public, gasoline distributors are leading who, it seems, can increase the price of gasoline whenever they feel like it. Is this really true? Is the successor of the National Oil and Gas Industry Trust [OKGT], the Hungarian Oil and Gas Industry Corporation (MOL Rt.), such a great power in the country that it can cause an ebb in the wallets of citizens and enterprises as it pleases, or does the MOL Rt. have good reasons, or at least excuses, lesser and greater problems, or is the firm the way it is precisely to protect national interests? We asked Dr. Gabor Jozsef, Managing Director of MOL Rt.

[KOZTARSASAG] It has been almost two months since fuel prices rose again after the contribution to environmental protection was introduced. The public acknowledged the matter with indifference, there were no lines at the gas stations, drivers only shrugged. It is a fact that in Hungary fuel is too expensive in relation to income and other consumer goods. In fuel prices we have caught up with Europe. Is the Hungarian consumer completely at the mercy of state intentions and the interests of the MOL Rt.?

[Jozsef] It is not my task to analyze the relationship between the state and the consumer. Let me only say that currently about 70 percent of the price of gasoline is state revenue. This includes sales tax, road tax, and the contribution to environmental protection. These items are decided by parliament at the government's recommendation, and if taxes are rising, the MOL Rt. cannot do anything. The rising taxes do not increase the MOL's income by a penny.

The MOL is responsible for the producers' price. Price can be calculated in two ways. We could calculate our expenses of production, distribution and development, and add the firm's profit. This would be a producer's price based on expenses. However, when an overwhelming amount of the oil we use is from imports, this price can hardly be justified. We have to adjust our prices to the world market and calculate a producers' price which is adjusted to competitive import prices.

[KOZTARSASAG] The price based on expenses would be lower at the moment than the price on the world market, wouldn't it, because domestic oil wells produce cheaper?

[Jozsef] Currently this is true. However, the entire output of domestic oil wells amounts to 1.9 million metric tons of crude oil, and we import about 5 million metric tons. Further, it is not at all certain that the production from domestic wells will remain cheaper, and it is an additional fact—I only mention it in passing for your information—that the income resulting from lower production costs is taken from us through a specially tailored production tax. Hungarian oil arrives at the refineries at import prices.

[KOZTARSASAG] This may be one reason why the MOL Rt. is leading the "top 10" list based on just about every criterion. To what extent is this due to your position of monopoly?

[Jozsef] I think it is appropriate to remark here that the MOL's position of monopoly has become very relative. The competition on the domestic fuel market has become very fierce. I think, however, that it is good if the Hungarian oil industry preserves its dominant position in certain areas, because this is what our national interests require. In order to credibly present competition and our position of monopoly, I think it will be good to go through the individual phases of production and distribution one by one. It is evidently a well-known fact that between the oil wells and the gas stations the "black gold" undergoes numerous phases of processing, while it is being delivered from one place to another through a pipeline or in a tank truck. However, the entire procedure starts even earlier, with prospecting. For the time being, MOL indeed has a position of monopoly in prospecting, but luckily not for long. According to the plans, before the end of this year the government will submit to parliament the law on mining which will enable foreign firms to acquire concessions to engage in prospecting and mining.

[KOZTARSASAG] And what is the MOL's luck in this?

[Jozsef] Prospecting, especially exploratory and test wells, are extremely expensive; the MOL simply does not have enough capital. The firm must sometimes invest beyond its means in order to keep up with its competitors in refining, in the quality of its products. And these competitors are very large firms. They are worldwide empires, and the MOL is a very small one among the large ones. It is also in our interest if the large firms participate in prospecting.

[KOZTARSASAG] However, I suspect this will hardly break the MOL's position of monopoly in prospecting, because the foreign firms which are willing to engage in prospecting will hardly do a new geological survey of Hungary; they will rather buy the already existing information from the MOL. And you will either sell it or not. Is this the case?

[Jozsef] Not really. Namely, the owner of the information is the Ministry of Industry and Trade (IKM), and the firm which is prepared to bore test wells is the Oil Prospecting Company, which is a company in its own right and does not belong to the MOL Rt.

[KOZTARSASAG] Thus, in prospecting, Hungary's monopoly will soon expire. But to the most part, the oil being used is imported and arrives through pipelines. The foreign firms present on the Hungarian market also use this oil; they have no technological possibilities to avoid this situation, because only a few gas stations at the border region could be supplied by tank trucks, and this would not be enough. The pipelines are under the MOL's direction, and this is perhaps the phase which insures the MOL's (excessive) power.

[Jozsef] I don't think that the statement about an excessive power hidden in your question is valid. The pipelines are owned by the state, currently formally by the IKM, until the State Trustee, Inc. is formed. The MOL operates and uses the pipelines. And that foreigners also receive the oil through these pipelines? Of course they do. The capacity of the pipelines would enable the import of 20 million tons of oil. Obviously we lease a part of this capacity, because this is good for us and good for the foreign firms present on the Hungarian market. For every one of them. Namely, they receive the oil cheaper than by any other way of transportation. Incidentally, the foreign firms will soon receive legal guarantees for the possibility of using the pipelines, and this law will also stipulate that the MOL cannot dictate delivery prices. Starting this year, the rental and utilization fees will be determined by a committee. And all this will be done in order to elicit the trust of foreign investors, because the development of the fuel supply network is necessary for the country. There are not enough gas stations, especially not enough modern ones, which would be kind to the environment. It costs 100 million forints to build an average gas station. It is easy to calculate that foreign capital is necessary for projects which follow the development of motorization. And foreign capital will only come here if it has a good prospect for profits.

[KOZTARSASAG] Does this also apply to refineries?

[Jozsef] To an increased degree. At the moment, the foreign companies have the crude oil they bought refined mostly in the Danube Oil Refinery's Szazhalombatta plant, and they pay a fee for this service. These firms would like to insure the supply of their gas stations, because they have no guarantee, as they say, that the MOL will always contract with them for processing the crude oil. Thus, they would rather buy a portion of the capacity of a refinery, preferably the one in Szazhalombatta.

[KOZTARSASAG] Have they made a concrete offer yet?

[Jozsef] Partially we are only talking about inquiries, but for instance, the Kuwaiti national oil company already founded a joint company with the MOL. They provided cash, and we gave 16 gas stations. The Kuwaiti company has already made an offer for the purchase of a refinery, or capacity in a refinery. This is understandable, since their major problem is selling the oil. If they have a refinery and a network of gas stations, selling is no problem. The large multinational companies which are interested in businesses of this kind are apparently lead by the desire of being present on the Hungarian market, just as they are present everywhere in the world.

[KOZTARSASAG] All this seems to be promising, but there is no indication that gas would become cheaper as a result of competition on the market, or that competition would prevent price increases which are incomprehensible to the consumer, and which only increase the income of the state or serve the MOL Rt.'s interests. During the war in Kuwait, for instance, the price of oil

on the world market did not develop according to the experts' expectations and fears, but rather it decreased. We hastened to increase the prices, because we were expecting an oil shortage. Thus the question needs to be answered: How are the consumers' interests being served?

[Jozsef] The war in Kuwait took place in 1990. Allow me to remark here that at that time the price of gas in Hungary was much lower than in Western Europe, thus, if we look back in a superficial way, raising prices was probably not unreasonable. But let me emphatically state that the MOL Rt., or rather its predecessor, the OKGT, was not granted the right of free pricing before January, 1991, and so the MOL cannot be blamed for the previous price changes. Further, I would like to recall that trade in dollars with the then still existing Soviet Union was introduced in January, 1991. We bought the oil at market price which was much more expensive than before, and we had to enforce these prices on the market if we did not want the company to go bankrupt.

[KOZTARSASAG] You mentioned that the MOL's position of monopoly combined with competition has more advantages than disadvantages for the Hungarian consumer. What does this mean exactly?

[Jozsef] Well, in certain phases of production, processing, and transportation the MOL does still have a monopoly, but at the time of the final sale this situation is not bad for the consumer. Namely, the company which sells the white products, that is, the various fuels and oils, to the retailers for the cheapest price is the MOL. And this means, on the one hand, that fuel prices in Hungary can currently be somewhat lower than in the Western European countries. At the same time, this price still enables the operation of an oil industry which is worth developing. This oil industry is the fruit of efforts by Hungarian citizens; it would not be fortunate if due to the competition with foreign companies with considerably more capital we would not be able to utilize our already existing, but at the moment superfluous, capacities, namely, if domestic processing would be pushed out by a great volume of imports.

We salute the government's measures to accelerate competition, but we would not like it if the MOL were the loser of the competition on the Hungarian market.

[KOZTARSASAG] This double standard is interesting.

[Jozsef] Double standard? Possible. But I do think that the Hungarian oil industry should not become subordinated, because that would not serve the interests of the consumer, the state budget, or the company. Competition should be accelerated primarily in trade and in services; this would be a real incentive for us to develop our marketing. Otherwise one should rather find the threads of cooperation, because Hungary is in a fairly favorable geographic position to be able to profit from traffic between the north and the south as well as between the East and the West, acting as a transit country.

#### Everyone Has an Eye to His Own Interest

Without doubt, everyone has higher expectations for the Office of Economic Competition [GVH] than their tasks would give grounds for. This is true in the case of monopolies, as well. Of course, hardly anyone in the country knows more about this area than Dr. Ferenc Vissi, chairman of the GVH.

[KOZTARSASAG] How great is the concentration in the Hungarian economy? In simpler terms I might also ask what percentage of the branches of industry is controlled by monopolies?

[Vissi] The question of monopolies is very complex, thus it would be useful to clear up a multitude of misunderstandings which prevail in Hungary about this subject. Our domestic economy is indeed very concentrated in many areas, but this means little in itself. I could give a lengthy list of examples where the optimal size of the plant exceeds several times the demand of the domestic market. Moreover, even if someone controls, say, 60-80 percent of the market, it is not certain that he can dictate everything. If imports are free and unencumbered by various protectionist hurdles (duties, contingencies, regulations), then a position of monopoly resulting in and exploiting the dependence of others cannot even arise. We can only obtain a realistic picture if apart from the portion of the market which the company controls we also consider if the market is open or not, if the company only produces for the domestic market or for exports as well, and how great the costs of entry are [as published]. It is also worth considering whether the concentration in the so-called concentrated branches of industry are a consequence of modern production.

[KOZTARSASAG] I suppose in your opinion the monsters of domestic public services, such as the MVM or the MOL Rt., undoubtedly belong in the latter category.

[Vissi] There are areas which we call natural monopolies. In such cases it is advisable from the point of view of rentability if one single producer or business is in operation. Classic examples are, for instance, the electric networks, networks of gas pipes, and the firms maintaining them.

[KOZTARSASAG] Still, many in the world argue for dividing these gigantic firms. What is your opinion?

[Vissi] No economist will doubt that in a given area only one single power line is necessary. The subject matter of the discussion is how big the company owning the power line should be, what other activities it should be allowed to carry out, and does it have to be regulated, or should it be treated like the companies in the sphere of competition. The basic question is whether the company feeding the line, namely the energy producer, should be the same company or another one. From the point of view of a competition policy, it is of course better if more companies can have free access to the network, because this way competition can arise on the input side. A similar example is the telephone, where a backbone

network exists, and let us suppose that one can freely tap into it with equipment, thus, there is a competition in service.

[KOZTARSASAG] Let us suppose, you said, and apparently not by accident. Namely, in Hungary one can certainly find that not only do the so-called natural monopolies control the entire portion of the market, they can also hinder free access by bureaucratic measures and all sorts of prohibitions.

[Vissi] As long as there is a shortage, for instance the lack of a basic telephone network, the market in itself will be deformed, independent of the cause of the shortage. However, in many other areas the old regulations accorded certain companies an exclusiveness or competence in making decisions which is unusual in the modern world. Deregulation is necessary in certain areas, and the superfluous licenses awarding the status of a semiauthority must simply be eliminated from the system.

[KOZTARSASAG] On top of it, in Hungary every firm possessing such a license is in the hands of the state.

[Vissi] For this reason, Western authors like to call these areas state monopolies, because here the position of monopoly is connected with state ownership. But it doesn't matter who owns an electric line; from an economic standpoint the person of the owner makes no difference, and still, natural monopoly as a market category exists. The main point is whether the firm has rights on the basis of which it can change conditions unilaterally and without supervision.

[KOZTARSASAG] However, from the government's point of view the strongest impetus is to increase budget revenues, thus, it is unlikely that the government would initiate a price reduction or other similar measures. Do you still think that the form of ownership does not matter?

[Vissi] I can definitely answer with a yes. Undoubtedly, the state ownership, which is mainly a heritage of the past, has many peculiarities, but one needs time to form a corporation, and much more time to establish rationality. I will give you an example. Let us remain with power lines. Let us suppose that in Hungary it will come to pass that power plants will be separated from the companies maintaining the power lines, and together with imports they will have free access to the system of power lines and distribution. Thus, competition will start on the input side. However, the natural monopoly of the firm which owns and operates the power line will remain. In your opinion, independent of the fact whether this firm is private or owned by the state, does the situation have to be controlled?

[KOZTARSASAG] Of course it does.

[Vissi] That is just the point. That is to say, in this area a model change is still ahead of us. One possibility is that this activity will be in private hands. The owner of the system is interested in maximum profit. The individual consumer is at the company's mercy; he will have to pay

a price which would let the company profit nicely. What organization can regulate the price? Not the Office of Economic Competition, since there is no competition price or alternative price; thus, it cannot be determined unequivocally whether the price demanded by the monopoly amounts to an abuse of the situation. A regulative body must be created which will have continual access to the books, the expense analyses, and the evaluation of management. This institution will include representatives of the consumers who must be given information on whether the firm is operating in an efficient manner. This regulating body will be independent of the system of ministries. According to the other model, a part of the ministry will be the regulating authority. However, as long as the ministry also carries out the functions of the owner, no ministry must receive this license. Thus, we are still free to choose either form, but the choice is subject to conditions, both legal and institutional ones. The main point is that the regulating body should be independent of the owner.

[KOZTARSASAG] As far as regulation is concerned, the Civil Aeronautics Board (CAB) of America kept the airline market firmly in its hands until Alfred Kahn was elected head of the board, who was a supporter of a freer competition. The airline tariffs left to the airlines themselves and the free access to airline routes resulted in a drastic drop in consumer prices. A similar process took place in the oil industry there; as Samuelson formulated it, "instead of bleeding the consumers, the oil companies flew at one another." Consequently, is competition good or bad?

[Vissi] The real difficulty of this profession is the asymmetry of information. Namely, the company I want to regulate is in a class by itself, consequently all my information can come from it alone. And in this case it is highly probable that the company in question is playing with marked cards. How can one exercise control under such circumstances? It is difficult; this is why in Western countries a fantastic protection is established along with regulation. Thus, in the course of changing the model the officials must take into account that everyone has an eye to his own interest.

Only very rarely has it been possible even in the West to create a system which would preclude the possibility of a company in a position of monopoly under control planting officials in the regulating authorities who would represent its interests. Thus, assembling the regulating authority is a very delicate task. Moreover, one must find an unequivocal position for the regulation in the Hungarian legal system, as well. It must be coordinated with the company law, the accounting law, and above all, with the determination of who can intervene in what. Something like this has never been done in Hungary. As far as regulating monopolies goes, everything is still ahead of us.

[KOZTARSASAG] By the time these ideas are finally conceived, will it not be too late?

[Vissi] This is hard to say. Wherever I stated my opinion, I asked the officials to write down and complete two things before privatization. One of them is the determination of where the natural monopoly will necessarily be preserved. This has to be said, otherwise the sphere of competition will be mixed with monopolies, which deforms privatization in a peculiar way. Several resolutions prescribed that this work must be done, but up to now there are no final results.

[KOZTARSASAG] What do you think of the MOL Rt.?

[Vissi] Allow me not to evaluate it. In itself, we are talking about a sector which belongs to the sphere of competition, but a part of which is a natural monopoly. At the moment the MOL Rt. controls a complete sector, even if its portion in retail trade has decreased. What I really missed in this area as well is that no one wrote in the plans that this and this portion is and will remain a natural monopoly, and what needs to be done in order to keep it under control. Today the matter is presented as if the MOL Rt. would only perform activities which belong in the sphere of competition, and as if a natural monopoly did not exist. I have given statements on this matter several times, but now I decided that I will stop arguing, because for some reason we did not succeed in finding a common tongue.

[KOZTARSASAG] At the request of the World Bank, you have just held a lecture in Vienna about natural monopolies. Interestingly, in your speech you also emphasized that the development of the necessary new system of institutions in Hungary also raises sociological problems. Could you explain what you mean by this?

[Vissi] First of all, I must mention that the newly created authorities are extremely suspicious in the public's eyes. Many people see in them the spread of bureaucracy, but

there is also a danger that the decisions will be caught in the crossfire of political disputes. Another, also sociological problem arises from the fact that among the current officials in the ministries there are no experts who are familiar with the traps of regulations in practice. Moreover, regulating monopolies is not only a technical question, but also the protection of consumer interests. However, the institutions representing consumer policies are underdeveloped in Hungary; there is no comprehensive law for the protection of consumers, and the final role of the chambers of commerce is not yet clarified. All this demonstrates the enormity of the tasks we are faced with.

**[Box, p 44]**

**Leading the Top 10 List**

In Hungary the largest company is the Hungarian Oil and Gas Industry Corporation. It is entirely owned by the state, and is one of the companies which, according to the government's plans, will remain state (or partially self-government) property. The corporation was formed on 1 October 1991, after its predecessor, the National Oil and Gas Industry Trust ceased to exist. The task of the MOL Rt. is the prospecting, transporting, and processing of hydrocarbons, as well as the distribution and sale of the processed products. The number of the company's employees is over 22,000, and its income (according to the reference material published by the MOL Rt.) was more than 320 billion forints (in 1991). This amount includes taxes. The MOL paid altogether 146 billion forints into the state budget under the headings of state tax, environmental protection fund, and road fund. Last year the firm's profits were as high as 35 billion forints. Last year the MOL Rt. exported processed products for \$330 million.

**Selected Issues of Small Constitution Discussed**

*93EP0006A Warsaw PRAWO I ZYCIE in Polish  
No 39, 26 Sep 92 p 3*

[Interview with Prof. Lech Falandysz, state secretary in the presidential chancellery, and Center Accord deputy Jaroslaw Kaczynski by Zdzislaw Zaryczny in Warsaw on 19 September 1992: "The Small Constitution: There Will Be No Holiday"]

[Text] [Zaryczny] It is now nearly two months since the "Small Constitution" was passed by the Sejm, yet no one seems to be satisfied with that law. It is meeting with criticism from everywhere and there does not seem to be any political force capable of smoothing its further legislative passage. Perhaps even everyone would sigh with relief if the president were to veto it.

[Falandysz] I do not agree that everybody has become disheartened about the "Small Constitution." It seems to me that it is in the interest of the governing coalition to support that law. If only because it can then count on executive orders having the power of laws. This may be a fairly illusory but important turning point in the political structure of Poland. Secondly, the "Small Constitution" on the whole strengthens the government, and therefore any governing coalition, and especially the one in its present configuration, should support it. It is also in a sense natural for the parliamentary opposition or the president to be dissatisfied with this law, though for differing reasons, because, generally speaking, it strengthens the standing of the Sejm and the government at the expense of the president and the Senate.

[Kaczynski] The governing coalition is interested in that "Small Constitution" insofar as it is determined to remain a coalition and to continue to govern. Well, actually, a part of the governing coalition lacks such determination, and that is obvious by now. But there exist forces interested in keeping this government afloat, and to them the right of issuing executive orders having the power of laws is a tempting goal. Thus, the "Small Constitution" is a useful instrument. To be sure, it is two-edged in the sense that it also places the government at a disadvantage by making it more politically accountable, but it also is a means of accomplishing something, e.g., in the economy by making it possible to force through some projects for which a legislative "fast lane" is needed. Aside from this, there still remains that mechanism that operated during the work on the "Small Constitution," meaning that a group of deputies discusses one draft provision after another. But it does not seem possible to coordinate the proposed amendments, and this may later result in various kinds of conflicts.

[Falandysz] A presidential veto would be paradoxical, since then the president would fulfill the demands of the opposition, i.e., of Mr. Kaczynski, Mr. Olszewski, and others. As long as I remain in the presidential chancellery, I shall try to restrain Lech Walesa from any such step, although this is not always possible. Of course, the opposition has to be treated civilly, but this does not mean meeting its wishes.

[Zaryczny] I understand that two months ago the disputes about the "Small Constitution" were violent, and that the arguments of the Belweder differed greatly from those of the newly formed governing coalition headed by Prime Minister Suchocka, and of the opposition regardless of the hue of its banners. But what about the present? Is there anything still to be disputed?

[Kaczynski] Yes, there is. Nowadays we are dealing with a new situation in which the government is growing weak although it just started to operate—and it is growing weak because the parliament is growing weak. The parliament in its turn is weak because the political parties are weak owing to their internal erosion. But the presidency, too, is growing weak. An increasing number of facts and declarations confirms my diagnosis: The presidency is simply incapable of exercising its duties. In such a situation, endowing the presidency with more powers could lead to the worst consequences. And that is why I am posing an issue I had not previously posed so openly. I am doing this not as the chairman of the Center Accord but as a citizen: the issue of the personal continuation of Lech Walesa in the presidency.

[Falandysz] Barely a year ago I was shocked to hear your appeal for creating a strong power center in the Belweder. I had even wondered at the time why you made such risky statements, but now I am beginning to understand it a little. Yes, a strong power center in the Belweder, but of course one headed by Mr. Jaroslaw Kaczynski and his team. Mr. Deputy, you said that all the political power centers are growing weak, but you graciously placed stress only on the growing weakness of the president. There is no legal or institutional justification for this. I am quite familiar with all those anecdotes, guesses, quotations, etc., and I consider them, to put it plainly, utter balderdash.

[Kaczynski] I suggest that you do not use epithets such as "balderdash," because I do not resort to that kind of rhetoric. The activities of the president are of great significance, because, taken together, they create a certain situation serving to take a position on the question which had arisen from the very beginning, from the moment when Lech Walesa became a candidate for the presidency: Is he fit?

[Falandysz] How can such questions be asked about the president, who was elected by direct, popular vote?

[Kaczynski] Excuse me, but that is not a question that can be ignored when the "Small Constitution" is discussed. I repeat, "small," meaning a normative emergency act which is, to be sure, a major national law but one that is supposed to regulate institutional issues for only one or two years ahead. As for discussions of the future system of society in Poland that should, God willing, last for decades and perhaps even longer, that is one thing, but a provisional short-term solution like the "Small Constitution" is another. Please bear this in mind and consider that this was the standpoint from which I had been criticizing discrete solutions at every session of the Sejm's Constitution Committee. Had

those discussions to concerned the "Large" Constitution instead, my position on quite a few issues would have been different. I would then argue that the passage of the "Large" Constitution should result in new elections, both to the parliament and to the presidency.

[Falandysz] But, I repeat, the people have elected Lech Walesa president by direct, popular vote. Yet, to this day many politicians fail to realize that this fact obligates the president's foes, too, to criticize him within the bounds of decency. I think that I am not alone in defending Lech Walesa's presidency, and that millions of people in Poland think likewise. Now to return to the "Small Constitution," I question your statement, Mr. Deputy, to the effect that this law strengthens presidential powers. Actually, it reduces those powers, and to a serious extent at that. But the atmosphere at the Sejm's Extraordinary Committee was such that I simply did not consider it worthwhile to propose endowing the president with the power of forming and dissolving the government because, at the time, any such proposal had no chance whatsoever at that committee—to such an extent that the president was even deprived of the right to recommend a vote of no confidence in the government, something which I view as a kind of disloyalty on the part of that committee. Thus my views on these matters differ greatly from yours, Mr. Deputy. As I see it, Kaczynski and like-minded people view President Walesa unflatteringly, meaning that they believe that letting him retain his powers, or even merely reducing those powers, would be too much. Of course, such an attitude should be plainly exposed instead of suggesting that the "Small Constitution" introduces a semipresidential, semieexecutive system, which is utter nonsense.

[Kaczynski] As I see it, the problem with the "Small Constitution" is whether there should be one or two centers of executive power in Poland. I agree that the construct proposed to the parliament is inconsistent and tricky and legislatively too amorphous. That is not how a constitution is framed, and you know this much better than I. But the real problem is that foundations were laid for the existence of two competing power centers—and that is not good in any system. Under the semipresidential system the president may decide on the direction of government policies, but this should be so designed as to avoid conflicts between his will and the will of the parliamentary majority. This can succeed only in a political—not an institutional but a political—system in which there exists either a presidential party or a presidential coalition. President Walesa, and even earlier Chairman Walesa, was often told that if he really desires to govern, he should not just be a symbol but directly encourage forming such a party or coalition. But Walesa was unwilling, God knows why, and we are witnessing the results of his refusal. An institutional solution causing the presidency to pursue a different policy from that of the government, with the two making conflicting proposals on important national issues, is unacceptable and we oppose this.

[Zaryczny] Your diagnoses of the political situation are more than melancholy. But there can be no vacuum in

politics. Perhaps this is a cogent argument in favor of enlarging presidential powers?

[Falandysz] Generally speaking, three scenarios are possible. Either politicians continue to bicker and the government grows weaker, or finally a parliamentary majority will be cobbled together, and that majority may be either for or against the president. In my opinion, a coalition against the president bodes nothing good. At the same time, in the present situation, a coalition for the president is hardly conceivable. The "building blocks" that we have on hand cannot serve to erect any solid and lasting structure.

[Kaczynski] As a presidential adviser you have the additional option of persuading Lech Walesa to accept the existing alignment, which may after all operate somewhat efficiently. How about it?

[Zaryczny] It had seemed that the "Small Constitution" would be the key unlocking the door to a normal and legible design of the political system that would clearly delineate the powers of the government, the president, and the voters and their deputies. Yet nowadays the resolve to employ this key is lacking. I fear that a situation will arise in which, once the "Small Constitution" takes effect, the presidential system will grow weaker and the political parties will again fragment, so that we shall have the key but the door will remain locked.

[Falandysz] Sure, the "Small Constitution" is a key, but one that opens the door to the unknown. After all, nobody knows what will happen afterward. Even the authors of this draft law themselves are no longer certain whether things will happen as they had foretold. This law is surely not a good one, although a bad law in human hands sometimes becomes better. If reason prevails, then, regardless of whether it will be this constitution or another one, everything will end well.

[Kaczynski] This law does not change much. It simply fails to improve certain matters and ignores facts that are unpleasant and saddening, especially to me and my party. And anyway, let us admit that the "Small Constitution" as an issue has ceased to stir people in any way.

[Zaryczny] So nowadays it does not matter much whether the "Small Constitution" will be take effect or not, or does it? Considering that a "deep-seated impotence of the country's main political institutions" lies in our future, according to Deputy Kaczynski. But might not it be that some new tendencies, new political initiatives would arise in connection with the "Small Constitution"?

[Falandysz] You overestimate the importance of that constitution. Ultimately, the question of whether it will be passed is not tantamount to a major turning point on the political scene. I do not know either whether the present coalition partners have become disheartened about this law. As a representative of the president, I have to ask, what is the president to sign? That is because no one knows yet what he will sign, if he signs anything

at all in that connection. Consider that if the "Small Constitution" encounters the mine called the legislative stalemate, it will be blown into smithereens and everything has to be started again from scratch.

[Kaczynski] The "Small Constitution" will indeed be no reason for a holiday. Nowadays the Polish political scene is undergoing an extremely difficult process of transformation, both on the left and on the right sides. Unfortunately, for the time being there is no cause for optimism. Things look bad.

[Zaryczny] What next? What is the outlook for the further legislative passage of the "Small Constitution"?

[Kaczynski] The Center Accord will not look for a pretext to sink this law, but we shall take our own position on individual amendments.

[Falandysz] It is difficult for me to anticipate the president's final decision. Speaking frankly, the question whether "will he or will not he sign" the "Small Constitution" is oversimplified in the present fluid situation. Consider that, under the Constitution, the president has 30 days to make up his mind, and he is certainly going to avail himself of this provision. Incidentally, the Senate's amendments have not made a decision any easier for him. Now the Sejm faces a huge dilemma as to what to do about it all, and this indeed threatens a stalemate.

[Kaczynski] One thing I can tell you for sure from my personal experience, even though this may sound ambiguous: The final decision will be taken by the president.

[Falandysz] I too think so. Besides, you yourself know well that Lech Walesa is a gifted politician, and an adviser's role, that is, my role, is that of a kind of sergeant at arms who is to watch over matters and communicate certain rationales rather than to make decisions.

[Kaczynski] Could it be that you are speaking tongue in cheek, considering that Lech Walesa was a corporal?

[Zaryczny] It was nice to host you, gentlemen, in our "boxing ring." Many thanks for accepting our invitation.

### Bilateral Relations With Lithuania Discussed

93EP0005A Warsaw RZECZPOSPOLITA in Polish  
24 Sep 92 p 8

[Interview with Dainius Junevicius, Lithuanian ambassador to Poland, by Maja Narbutt; place and date not given: "With No Feelings of Inferiority"]

[Text] [Narbutt] Even recently, as shown in public opinion polls, Lithuania was generally looked upon favorably in our country. It was one of the countries most liked by Poles. But this changed.

[Junevicius] I realize this and myself called attention to it. I believe that the change in society's attitude is caused by often-unobjective articles in the Polish press. For example, how are we to regard the article that appeared in GAZETA WYBORCZA on the subject of the Polish educational system in the former USSR and the Baltic

States. It stated that the good situation of the Polish minority in Latvia is shown by the fact that there are two Polish schools there. Not a word was written to say that there are 131 such schools in Lithuania, of which over 40 were opened during the last three years.

[Narbutt] Another unpleasant incident occurred in Polish-Lithuanian relations a couple of weeks ago. Vidas Mantas Povilionis, chairman of the parliamentary commission on foreign affairs, charged that Poland has territorial claims in relation to Lithuania.

[Junevicius] That statement, which you call an incident, was a reaction to another, earlier statement. Povilionis called attention to the fact that the Polish ambassador in Lithuania, Jan Widacki, described the situation of Poles in Lithuania as "Poland left here."

[Narbutt] The expression "Poland left here" surely does not suggest that Poland has territorial claims?

[Junevicius] True. But let us say clearly: Poland did not "leave." It vacated the territory in Lithuania that it occupied. I believe that following Ambassador Widacki's statement it became necessary to condemn the act of occupation in an international document. Such a reference will probably appear in the Polish-Lithuanian treaty.

[Narbutt] Let us leave disputes about how the past should be judged to the historians. Are you talking about a "condemnation of the past," in the treaty, on the basis of consultation with the Polish side?

[Junevicius] The treaty is the result of bilateral negotiations. Each side is striving to reach its own goals. Lithuania would like to have this recorded in the treaty. I do not know what Poland's position will be. Ambassador Widacki's statement stimulated activity in those circles that felt it was wrong that a condemnation of the Polish occupation did not appear in the Polish-Lithuanian declaration signed this year. It turned out that this criticism was warranted.

[Narbutt] In other words, Mr. Povilionis's statement represents that of the Lithuanian government?

[Junevicius] To a certain degree, yes.

[Narbutt] Do you not believe that the reaction to our ambassador's statement was exaggerated? The social society "Vilnius" even demanded that Ambassador Widacki be declared persona non grata. Some say that Lithuania has an inferiority complex typical of a small nation and that is why it usually reacts in an oversensitive way....

[Junevicius] The reaction was not exaggerated. We do not have the inferiority complex of a small nation, as has Iceland or Denmark, for example. Our relations with Russia attest to this.

[Narbutt] And does Lithuania not have a subjective sense of threat from the Polish side? The statement from the Lithuanian minister of defense was quoted, in which

he compared the situation of his country to that of Israel—also surrounded by unfriendly neighbors.

[Junevicius] That is probably a complex that the Poles have. They think that the talk is always about Poland. Poland is not our only neighbor. Please remember that even a year ago the Soviet Union existed and that a foreign army is stationed on our soil to this day. Furthermore, our minister of defense never talked about a threat from Poland, contrary to what the Polish press once wrote. We do not feel threatened and do not fear a separation of the Wilno Lands from Lithuania. The Polish-Belorussian treaty confirmed the existing boundaries. We seek a condemnation of Zeligowski's action for two reasons. One, this is a matter of a moral assessment. Second, such a condemnation would prevent some people from maintaining that the Wilno Lands belong to Lithuania simply on the strength of the Ribbentrop-Molotov Treaty.

[Narbott] I understand that, in speaking about "some people," you are referring to Lithuania's other neighbor. The key to Polish-Lithuanian relations is the problem of the Polish minority in Lithuania.

[Junevicius] The problem of the Polish minority in Lithuania cannot be the key to our relations. The fact that Poland assesses the situation of the Poles in Lithuania unobjectively and has made this assessment the key to our relations is Poland's problem.

[Narbott] As we know, the Polish side believes that European standards concerning the Polish minority are frequently not observed in Lithuania.

[Junevicius] The Poles in Lithuania are treated in accordance with European standards. We believe that the new government led by Ms. Suchocka is able to evaluate the position of the Polish minority. Anyway, at a Polonia conference in Krakow the prime minister said that Poland would react if the rights of the minority were violated. There clearly is no such necessity. In Lithuania there is a law on national minorities that guarantees equal rights to all minorities. I hope that in Poland, too, the minorities will live to see a similar law.

[Narbott] The existence of a law is not always tantamount to its observance. Perhaps we should mention the charges made against Lithuania in connection with the Polish minority. The dissolution of self-managements in the Wilno and Solecznik regions...

[Junevicius] This was not an act directed against the Belarusians, Lithuanians, or Poles who live there. The self-managements were dissolved due to their unconstitutional activity. The self-management in Snieokus, where mainly Russians live, was also dissolved. Russia did not regard this as an act of discrimination against Russians. And Russia, which is very concerned about the rights of Russians outside of its country, says that matters of national minorities in Lithuania are being resolved very well.

[Narbott] Let us assume that the self-managements should have been dissolved. But why were the new elections postponed for such a long time?

[Junevicius] Parliament believed that such elections, before the end of privatization, would not be free. And elections could not be conducted during reprivatization.

[Narbott] That is exactly what worried Poland. That during the period of reprivatization the Poles in the Wilno and Solecznik regions would be left without self-managements.

[Junevicius] Knowing the kolkhoz system it is easy to understand our fears that the inhabitants of those regions would elect the people who believe themselves to be the "bosses" of those areas. These are primarily nomenklatura people who would want to take advantage of a national situation even to the point of separating these lands.

[Narbott] You said earlier that Lithuania absolutely is not afraid that the Wilno Lands would be separated....

[Junevicius] Lithuania was able to avoid the fate of Moldova. There could have been another Dniester-type situation here. Today we forget about this but a year ago the situation was completely different. In the Wilno Lands there were weapons and the political situation was different.

[Narbott] Do you really believe that Polish farmers would fight like Cossacks in the Dniester region?

[Junevicius] The "third force" was interested in destabilizing the situation. The same force that acted in Dniester region.

[Narbott] It is good that in this case Poland is not the point. I have observed a certain phenomenon: Right now the reference to autonomy alone, definitely not about separation, is regarded as almost a serious state crime. But over a year ago, in "another political situation," the Lithuanian parliament itself resolved that a draft should be prepared on a territorial unit with a special statute. This was a couple of days before the referendum on Lithuania's independence.

[Junevicius] This was not to be an autonomous unit.

[Narbott] Separated from the lands on which Poles constitute the majority, a "special statute" territorial unit surely has a great deal in common with autonomy. By the way, there is no such draft to this day. Let us return to other charges connected with the situation of the Polish minority: textbooks.

[Junevicius] The Poles in Lithuania will be able to use textbooks printed in Poland if they conform with the teaching program. But as we know, these textbooks...

[Narbott] ...must be subjected to certification, which, we know, it will be hard for them to pass, particularly the history books. The next problem: the lack of a Polish university in Wilno.

[Junevicius] There was no Jewish university in the Soviet Union and the Jews were the best educated people. Do Poles have to have their own university in order to become educated? For many years already Poles in Lithuania have been able to take an entrance examination to a school in the Polish language.

[Narbott] The next fact: the order that geographical names be cited in the Polish press in Lithuania in the Lithuanian language.

[Junevicius] I agree that this was not necessary. Although the rest of the world has already become accustomed to the fact that it is Vilnius, and not Wilno.

[Narbott] Maybe because the ties of the rest of the world with Wilno were not as strong as Poland's. I understand that you believe that the situation of the Polish minority is good. How, then, would you describe Polish-Lithuanian relations?

[Junevicius] Let us look from the outside. There were Polish-Russian summits, Polish-Belorussian summits, and Polish-Ukrainian summits. And there were also Lithuanian-Russian, Lithuanian-Belorussian, etc., summits. There was no Polish-Lithuanian summit, though it is true that our presidents met in Helsinki in the lobbies during the recent CSCE summit.

[Narbott] But before that for a very long time our diplomacy was conducted only through correspondence. President Landsbergis, on his way to the West, would stop for a couple of hours in Warsaw. He would receive a letter from President Walesa and continue on his way.

[Junevicius] Indeed. But that was not our fault. I will say only that the ambassador of the Republic of Poland in Wilno will be received by President Landsbergis at any time he wishes to come.

[Narbott] But in a certain sense we are left on our own. The road from Lithuania to the West leads through Poland.

[Junevicius] It is not the only road and sometimes other roads are more convenient. I use the term "road" in both the figurative and literal sense. Since the middle of March we have been ready to open a new border crossing at Kalwaria-Budziska. Unfortunately, the Poles maintain that this will not be possible until June of next year. I understand those would like to have this crossing, at the time it is opened, meet the highest European standards, but perhaps a temporary solution could be arrived at now.

[Narbott] And in the figurative sense, does the road from Lithuania to the West not lead through Poland?

[Junevicius] Let me say frankly that some countries have an advantage over Poland. For example, eight Norwegian firms invest three times more capital in Lithuanian than 250 Polish firms combined. Furthermore, the state of Polish-Lithuanian relations calls for a certain amount of caution on the part of Lithuania.

[Narbott] You are suggesting that Lithuania is not interested in contacts with Poland?

[Junevicius] No, I did not say that. We are very anxious to have good-neighbor cooperation with Poland in all fields. The visit of Lithuanian Prime Minister Aleksandras Abi Ali, who will come to Poland still this month, will advance this.

[Narbott] There still is no Polish-Lithuanian treaty. Do you believe that we can expect to see it signed in some foreseeable future?

[Junevicius] Its draft is lying in a drawer in the Polish ministry of foreign affairs. We, too, are preparing our own draft. But talks about a treaty have not yet begun. Because the texts probably differ greatly, I think that the negotiation process will be a long one.

**Newly Elected Members of Senate**

93P20014A Bucharest ADEVARUL in Romanian  
10 Oct 92 p 3

[Unattributed article: "Complete List of Senators After  
27 September Elections"]

[Text]

**Alba County**

1. Emil Negruțiu (CDR-PAC [Democratic Convention of Romania-Civic Alliance Party])
2. Dumitru Rustai (PUNR [National Unity Party of Romania])
3. Tiberiu Stefan Incze (UDMR [Democratic Union of Hungarians in Romania])

**Arad County**

4. Ioan Alexandru (CDR-PNTCD [Democratic Convention of Romania-National Peasant Christian Democratic Party])
5. Ioan Cretu (FSN [National Salvation Front])
6. Zoltan Hosszu (UDMR)

**Arges County**

7. Alexandru Paleologu (CDR-PAC)
8. Constantin Simionescu (FDSN [Democratic National Salvation Front])
9. Gheorghe Rizescu (FDSN)
10. Constantin Radu Baltazar (FSN)

**Bacau County**

11. Constantin Moiceanu (CDR-PSDR [Democratic Convention of Romania-Social Democratic Party of Romania])
12. Radu Vasile (CDR-PNTCD)
13. Simion Darie (FDSN)
14. Octavian Opris (FDSN)
15. Ionel Aichimoiae (FSN)

**Bihor County**

16. Nistor Badiceanu (CDR-PNTCD)
17. Mancia T. Mircea (PUNR)
18. Ignat Florica Doina (PUNR)
19. Iosif Csapo (UDMR)

**Bistrita-Nasaud County**

20. Emil Scurtu (PDAR [Democratic Agrarian Party of Romania])
21. Viorel Ilisiu (PUNR)

**Botosani County**

22. Constantin Zaiceanu (FDSN)
23. Dumitru Mocanu (FDSN)
24. Constantin Moldovan (PRM [Romania Mare Party])

**Brasov County**

25. Valentin Cornelius Gabrielescu (CDR-PNTCD)
26. Florea Dudita (FDSN)
27. Aristotel Adrian Cancescu (FSN)
28. Gheorghe Dospinescu (PUNR)

**Braila County**

29. Mihai Matetovici (FDSN)
30. Ioan Broscteanu (FDSN)

**Buzau County**

31. Mihai Petrescu (FDSN)
32. Ioan Constantin Pop (FDSN)
33. Vasile Ion (FDSN)

**Caras Severin County**

34. Adrian Dumitru Popescu Necșesti (CDR-PNL-cd [Democratic Convention of Romania-National Liberal Party-Democratic Convention])
35. Stefan David (PSM [Socialist Workers Party])

**Calarasi County**

36. Doru Ion Taracila (FDSN)
37. Florin Velicu (PDAR)

**Cluj County**

38. Matei Boila (CDR-PNTCD)
39. Ioan N. Todea (PRM)
40. Adrian Ovidiu Motiu (PUNR)
41. Valer Sulan (PUNR)
42. Petre Constantin Buchwald (UDMR)

**Constanta County**

43. Sabin Ivan (CDR-PNL-cd)
44. Gheorghe Dumitrescu (FDSN)
45. Eugen Dijmarescu (FSN)
46. Ion Coja (PDAR)
47. Ion Carcișmaru (PRM)

**Covasna County**

48. Gabor Kozsokar (UDMR)
49. Lajos Magyari (UDMR)

**Dimbovita County**

50. Tudor Dane (CDR-PNTCD)
51. Emil Dima (FDSN)
52. Mihail Iurcu (FSN)

**Dolj County**

53. Aurelian Popescu (CDR-PNTCD)
54. Gheorghe C. Ionescu (FDSN)
55. Oliviu Gherman (FDSN)
56. Ion Predescu (FSN)
57. Adrian C. Paunescu (PSM)

**Galati County**

58. Dumitru Caluianu (CDR-PNL-cd)
59. Florica Secara (FDSN)
60. Ilie Platica Vidovici (FDSN)
61. Costel Gheorghiu (FSN)

**Giurgiu County**

62. Dragomir Popescu (FDSN)
63. Marin Predila (FDSN)

**Gorj County**

64. Vasile Vacaru (FDSN)
65. Ion Mocioi (PRM)
66. Mihail M. Ladaru (PSM)

**Harghita County**

67. Gabor Menyhert Hajdu (UDMR)
68. Attila Verestoy (UDMR)

**Hunedoara County**

69. Tiberiu Vladislav (CDR-PNTCD)

70. Ioan Dimis (FDSN)  
 71. Octavian Muntean (FDSN)
- Ialomița County**  
 72. Constantin Sava (FDSN)  
 73. Victor Stoicescu (PRM)
- IASI County**  
 74. Ion Manea (CDR-PNTCD)  
 75. Ion Solcanu (FDSN)  
 76. Romul-Petru Vonica (FDSN)  
 77. Aurel-Stoica Ion (FSN)  
 78. Dan Constantin Vasiliu (FSN)
- Maramureș County**  
 79. Voicu Valentin Glodean (CDR-PNTCD)  
 80. Augustin Botis Griguta (FDSN)  
 81. Teodor Ardelean (PUNR)
- Mehedinți County**  
 82. Mihai Buracu (CDR-PNTCD)  
 83. Stelian Dedu (FDSN)
- Mureș County**  
 84. Radu Ceontea (PUNR)  
 85. Ioan Joarza (PUNR)  
 86. Gheorghe Frunda (UDMR)  
 87. Bela Marko (UDMR)
- Neamț County**  
 88. Florin Buruiana (CDR-PNTCD)  
 89. Alexandru Radu Timofte (FDSN)  
 90. Valeriu Momanu (FDSN)  
 91. Sorin Adrian Vornicu Nichifor (FSN)
- Olt County**  
 92. Ioan Paul Popescu (CDR-PNTCD)  
 93. Teiu Paunescu (FDSN)  
 94. Alexandru Diaconu (FSN)
- Prahova County**  
 95. Alexandru Popovici (CDR-PAC)  
 96. Dan Mircea Popescu (FDSN)  
 97. Dimitrie Popa (FDSN)  
 98. Victor Apostolache (FDSN)  
 99. Ionel Blaga (FSN)
- Satu Mare County**  
 100. Vasile Vetișanu (CDR-PNTCD)  
 101. Viorel Salagean (PUNR)  
 102. Karoly Ferenc Szabo (UDMR)
- Salaj County**  
 103. Agustin Crecan (PUNR)  
 104. Denes Seres (UDMR)
- Sibiu County**  
 105. Nicolae Manolescu Apolzan (CDR-PAC)  
 106. Andrei Tugulea (FSN)  
 107. Mircea Valcu (PUNR)
- Suceava County**  
 108. Maria Matilda Tetu (CDR-PNL-cd)  
 109. Ioan Bancescu (FDSN)  
 110. Niculai Senciuc (FDSN)  
 111. Cristian Sorin Dumitrescu (FSN)

- Teleorman County**  
 112. Adrian Sirbu (CDR-PNTCD)  
 113. Dragomir Stan (FDSN)  
 114. Dumitru Vasile (FDSN)
- Timiș County**  
 115. Ion Paun Otiman (CDR-PAC)  
 116. Tanase Tavala (CDR-PNTCD)  
 117. Ion Marcu (FDSN)  
 118. Florin Radulescu Botica (FDSN)
- Tulcea County**  
 119. Elena Preda (FDSN)  
 120. Andrei Suhov (PSM)
- Vaslui County**  
 121. Virgil Popa (FDSN)  
 122. Vasile Pipa (FDSN)  
 123. Gigel Grigore (PDAR)
- Vilcea County**  
 124. Serban Sandulescu (CDR-PNTCD)  
 125. Stelian Dan Marin (FDSN)  
 126. Gheorghe Raboaca (PSM)
- Vrancea County**  
 127. Gheorghe Catuneanu (CDR-PNTCD)  
 128. Sergiu Nicolaescu (FDSN)
- Bucharest**  
 129. Constantin Ticus Dumitrescu (CDR-PNTCD)  
 130. Renee Radu Policrat (CDR-PNL-AT [Democratic Convention of Romania-National Liberal Party-Youth Wing])  
 131. Cornelius Coposu (CDR-PNTCD)  
 132. Emil Tocaci (CDR-PAC)  
 133. Ioan Lup (CDR-PNTCD)  
 134. Ion Iliescu (FDSN)  
 135. Petre Ninosu (FDSN)  
 136. Iulian Mincu (FDSN)  
 137. Mircea Boulescu (FSN)  
 138. Ovidiu Cornelius Popescu (FSN)  
 139. Caius Traian Dragomir (FSN)  
 140. Cornelius Vadim Tudor (PRM)  
 141. Petru Dan Lazar (PUNR)
- Ilfov Agricultural Sector**  
 142. Stefan Radoff (CDR-PAC)  
 143. Victor Neagu (PDAR)
- Newly Elected Members of Chamber of Deputies**  
*93P20013A Bucharest ADEVARUL in Romanian  
 10 Oct 92 p 2*
- [Unattributed article: "List of Deputies After 27 September Elections"]
- [Text]
- Alba County**
1. Eugen Crisan (PUNR [National Unity Party of Romania])
  2. Ion Berciu (CDR-PNTCD [Democratic Convention of Romania-National Peasant Christian Democratic Party])
  3. Ioan Maier (FDSN [Democratic National Salvation

Front])

4. Mircea Ioan Popa (CDR-PNTCD)
5. Corneliu Dorin Gavaliugov (FSN [National Salvation Front])
6. Nicolae Octavian Daramus (PUNR)

**Arad County**

7. Nicolae Alexandrescu (CDR-PNTCD)
8. Emil Livius Nicolae Putin (CDR-PSDR [Democratic Convention of Romania-Social Democratic Party of Romania])
9. Teodor Jurca (FDSN)
10. Ion Hui (CDR-PNTCD)
11. Aristide Nelu Dragomir (FSN)
12. Emil Roman (PUNR)
13. Gheorghe Tokay (UDMR [Democratic Union of Hungarians in Romania])

**Arges County**

14. Barbu Pitigoi (CDR-PNTCD)
15. Sergiu George Rizescu (CDR-PNTCD)
16. Vasile Nitu (FDSN)
17. Adrian Duta (FDSN)
18. Marin Jugravu (FDSN)
19. Iulian Nistor (FDSN)
20. Doru Viorel Ursu (FSN)
21. Gheorghe Zgondea (FDSN)
22. Dan Cristian Popovici (PRM [Romania Mare Party])
23. Dumitru Dragut (PSM [Socialist Workers Party])

**Bacau County**

24. Mihaita Postolache (FSN)
25. Ion Cornita (CDR-PNTCD)
26. Dumitru Braneanu (FDSN)
27. Matei Agathon Dan (FDSN)
29. Ovidiu Bibire Genaru (FDSN)
30. Constantin Enache (FDSN)
31. Cornel Protopopescu (CDR-PER [Democratic Convention of Romania-Romanian Ecologist Party])
32. Vasile Nistor (FSN)
33. Marcel Moldoveanu (PRM)
34. Corneliu Balan (PUNR)

**Bihor County**

35. Ludovic Rakoczi (UDMR)
36. Zsolt Szilagyi (UDMR)
37. Florian Serac (FDSN)
38. Gabriel Tepelea (CDR-PNTCD)
39. Vasile Suta (PUNR)
40. Octavian Bot (CDR-PAC [Democratic Convention of Romania-Civic Alliance Party])
41. Florian Bercea (FSN)
42. Craciun M. Floruta (PUNR)
43. Ervin Zoltan Szekely (UDMR)

**Bistrita-Nasaud County**

44. Dorel Coc (CDR-PAC)
45. Ioan Cartarig (FDSN)
46. Vasile Ene (PUNR)
47. Ioan Sonea (PUNR)
48. Zoltan Szylagyi (UDMR)

**Botosani County**

49. Mihai Teodorescu (FDSN)
50. Toader Clocotici (FDSN)
51. Octav Pintilie (FDSN)
52. Tudor Manolescu (FDSN)
53. Alexandru Simionovici (CDR-PNTCD)
54. Viorica Afrasinei (FDSN)
55. Alexandru Ota (FSN)

**Brasov County**

56. Vasile Bran (FSN)
57. Lazar Madaras (UDMR)
58. Horia Pop (PUNR)
59. Emil Stoica (FDSN)
60. Sorin Victor Lepsea (CDR-PNTCD)
61. Ioan Ghise (CDR-PAC)
62. Ioan Victor Pica (CDR-PNTCD)
63. Petru Tanasie (FDSN)
64. Mircea Musat (PRM)

**Braila County**

65. Liviu Neculai Marcu (CDR-PNTCD)
66. Lascu Ilie (FDSN)
67. Petrica Petre (FDSN)
68. Nicolae Bateanu (FDSN)
69. Alexandru Sassu (FSN)
70. Smaranda Ionescu (PRM)

**Buzau County**

71. Florian Ion-Angelo (CDR-PNTCD)
72. Dumitru Pislaru (FDSN)
73. Ovidiu Petrescu (FDSN)
74. Alexandru Albu (FDSN)
75. Petre Posea (FDSN)
76. Petre Partal (FSN)
77. Tudor Mohora (PSM)

**Caras-Severin County**

78. Mircea Popescu (CDR-PSDR)
79. Cornel Sturza Popovici (CDR-PNTCD)
80. Miron Manescu (FDSN)
81. Ioan Adrian Vilau (FSN)
82. Dragos Enache (FSN)

**Calarasi County**

83. Ion Gurau (FSN)
84. Ivanciu Nicolae Valeanu (FDSN)
85. Ion Neagu (FDSN)
86. Aurelian Paul Alecu (CDR-PNTCD)
87. Vasile Voicu (FDSN)

**Cluj County**

88. Stefan Sinko (UDMR)
89. Alexandru Konya Hamar (UDMR)
90. Ion Ratiu (CDR-PNTCD)
91. Petru Litiu (CDR-PAC)
92. Ioan Gavra (PUNR)
93. Vasile Matei (PUNR)
94. Costica Ciurtin (PUNR)
95. Ionel Roman (FDSN)
96. Ioan Tanase (PRM)
97. Mircea Cretu (PUNR)
98. Eugen Matis (UDMR)

**Constanta County**

99. Bogdan Nicolae Niculescu Duvaz (FSN)  
 100. Dumitru Moinescu (FSN)  
 101. Mircea Ciunara (CDR-PNTCD)  
 102. Romulus Ioan Joca (CDR-PAC)  
 103. Ioan Sorin Marinescu (CDR-PSDR)  
 104. Ioan Dumitrescu (FDSN)  
 105. Anton Mangiurea (FDSN)  
 106. Mihai Lita (FDSN)  
 107. Alexandru Dumitru Radu (FSN)  
 108. Ion Hristu (PRM)  
 109. Vasile Ionescu (PUNR)

**Covasna County**

110. Arpad-Francisc Marton (UDMR)  
 111. Laszlo Zsigmond (UDMR)  
 112. Akos Birtalan (UDMR)  
 113. Aurel Dragomir (PUNR)

**Dimbovita County**

114. Dinu Patriciu (CDR-PNL-AT [Democratic Convention of Romania-National Liberal Party-Youth Wing])  
 115. Constantin-Serban Radulescu Zonner (CDR-PAC)  
 116. Daniela Popa (FDSN)  
 117. Sorin Diaconescu (FDSN)  
 118. Constantin Ghita (FDSN)  
 119. Victor Bostinaru (FSN)  
 120. Constantin Constantin (FDSN)  
 121. Cornelius-Dan Vrabie (PRM)

**Dolj County**

122. Radu Mircea Berceanu (FSN)  
 123. Neculai Grigoras (FDSN)  
 124. Mihail Panait (FDSN)  
 125. Petre Banita (FDSN)  
 126. Emil Teodor Popescu (CDR-PNTCD)  
 127. Doru Mihai Dobrescu (CDR-PSDR)  
 128. Constantin-Romeo Dragomir (CDR-PNL-AT)  
 129. Alexandru Brezniceanu (FSN)  
 130. Simion Silviu Somicu (PSM)  
 131. Marin Gheorghe Lungu (PSM)  
 132. Alexandru Toba (FDSN)

**Galati County**

133. Mircea Leonte (FDSN)  
 134. Dan-Lilian Gogoncea (FDSN)  
 135. Neculai Chivu (FDSN)  
 136. Trifu Chirila (FDSN)  
 137. Leonida Lari-Iorga (CDR-PNTCD)  
 138. Nestor Calin (CDR-PSDR)  
 139. Ioan-Catalin Iamandi (FDSN)  
 140. Viorel Lixandroiu (FSN)  
 141. Constantin Arhire (FSN)

**Giurgiu County**

142. Mihail Iusut (FDSN)  
 143. Mircea Adrian Ichim (FDSN)  
 144. Laurentiu Priceputu (CDR-PNL-AT)  
 145. Viorel Pavel (CDR-PNTCD)

**Gorj County**

146. Nicolae Mischie (FDSN)  
 147. Mihail Golu (FDSN)

148. Constantin Emil Hoara (PSM)  
 149. Gheorghe Gorun (CDR-PAC)  
 150. Constantin Gheorghe (PRM)  
 151. Mitica D. Balaet (PSM)

**Harghita County**

152. Emeric Dumitru Borbely (UDMR)  
 153. Benedek Nagy (UDMR)  
 154. Imre Andras (UDMR)  
 155. Ference Asztalos (UDMR)  
 156. Istvan Antal (UDMR)

**Hunedoara County**

157. Mihail Bucur (CDR-PNTCD)  
 158. Ioan Timis (FSN)  
 159. Gheorghe Ana (FDSN)  
 160. Aurel Stirbu (FDSN)  
 161. Dumitru Ifrim (CDR-PSDR)  
 162. Ion Hortopan (PRM)  
 163. Petru Steolea (PUNR)  
 164. Csaba Albert Takacs (UDMR)

**Ialomita County**

165. Ion Dumitrescu (FDSN)  
 166. Vlad Vladimir Galin Corini (FDSN)  
 167. Gheorghe Cristea (CDR-PNTCD)  
 168. Gheorghe Tarna (FSN)

**Iasi County**

169. Vasile Lupu (CDR-PNTCD)  
 170. Ion Strachinaru (CDR-PSDR)  
 171. Dan-Florin Trepcea (CDR-PNL-AT)  
 172. Dumitru Calance (FSN)  
 173. Dionisie Vitcu (FDSN)  
 174. Gheorghe Roman (FDSN)  
 175. Valentin Soroceanu (FDSN)  
 176. Anghel Stanciu (PRM)  
 177. Fanica Danila (PSM)  
 178. Petru Ioan (PUNR)  
 179. Ion Hariga (FDSN)  
 180. Ion Ionescu (FDSN)

**Maramures County**

181. Teodor Luputiu (FSN)  
 182. Tudor Gavril Dunca (CDR-PNTCD)  
 183. Nicolae Bud (PUNR)  
 185. Teodora Bertzi (CDR-PNL-AT)  
 186. Nicolae Filip (FDSN)  
 187. Gheorghe Branzei (PUNR)  
 188. Iosif Alfred Mazalik (UDMR)

**Mehedinti County**

189. Mihail Nica (CDR-PER)  
 190. Eugen Nicolicea (FDSN)  
 191. Victor Penescu (FDSN)  
 192. Nicolae Serban (FDSN)  
 193. Nicolae Draghica (PSM)

**Mures County**

194. Ladislau Borbely (UDMR)  
 195. Caroly Kerekes (UDMR)  
 196. Matei Barna Elek (UDMR)  
 197. Petru Burca (PUNR)  
 198. Lazar Ladariu (PUNR)

199. Coriolan Bucur (PUNR)  
200. Ioan Muresan (CDR-PNTCD)  
201. Ovidiu Iosif (PUNR)  
202. Ioan Nemeth (UDMR)

**Neamt County**

203. Smaranda Dobrescu (CDR-PSDR)  
204. George Iulian Stancov (FSN)  
205. Ioan Bivolaru (FDSN)  
206. Alexandru Casapu (FDSN)  
207. Constantin Mardare (FDSN)  
208. Valentin Vasilescu (CDR-PER)  
209. Cristian Radulescu (FSN)  
210. Viorel Burlacu (PRM)

**Olt County**

211. Ilie Gitan (FDSN)  
212. Mircea Chiostec (FDSN)  
213. Anisoara Cojocaru (FDSN)  
214. Marin Ionica (FSN)  
215. Valentin Argesanu (CDR-PNTCD)  
216. Marin Diaconescu (FDSN)  
217. Mihail Viziru (PSM)

**Prahova County**

218. Corneliu-Constantin Ruse (FSN)  
219. Paula-Maria Ivanescu (FSN)  
220. Remus Constantin Opris (CDR-PNTCD)  
221. Mircea Mihai Munteanu (CDR-PNTCD)  
222. Ion Dobrescu (CDR-PNL-AT)

**Timis County**

263. Vasile Popovici (CDR-PAC)  
264. Horia Mircea Rusu (CDR-PNL-AT)  
265. George Stanescu (CDR-PNTCD)  
266. Petre Dugulescu (CDR-PNTCD)  
267. Teodor Vintilescu (CDR-PNTCD)  
268. Vasile Dorin Munteanu (FDSN)  
269. Romulus Dabu (FDSN)  
270. Emil Boros (FSN)  
271. Valeriu Tabara (PUNR)  
272. Francisc Baranyi (UDMR)

**Tulcea County**

273. Ion Lazia (FDSN)  
274. George Crin Laurentiu Antonescu (CDR-PAC)  
275. Ilie Nicola (FDSN)  
276. Cristian Traian Ionescu (FDSN)

**Vaslui County**

277. Dan Martian (FDSN)  
278. Dumitru Buzatu (FDSN)  
279. Grigore Marcu (FDSN)  
280. Ioan Costin (FDSN)  
281. Mihnea Tudor Ionita (CDR-PNL-AT)  
282. Traian Basescu (FSN)  
283. Emil Cojocaru (FSN)

**Vilcea County**

284. Radu Livezeanu (CDR-PNTCD)  
285. Gheorghe Cautis (FDSN)  
286. Severin Baciu (FDSN)  
287. Rada Istrate (FSN)

288. Grigore Raban (PSM)  
289. Constantin Rotaru (PSM)

**Vrancea County**

290. Calin Emil Anastasiu (CDR-PAC)  
291. Laurentiu Veber (FDSN)  
292. Florian Udrea (FDSN)  
293. Aurelian Popescu (FDSN)  
294. Vasile Fudulica (FDSN)  
295. Adrian Severin (FSN)

**Bucharest**

296. Adrian Nastase (FDSN)  
297. Petre Salcudeanu (FDSN)  
298. Constantin Teculescu (FDSN)  
299. Stefan Cazimir (FDSN)  
300. Mircea Porojan (FDSN)  
301. Ovidiu Tiberiu Musetescu (FDSN)  
302. Agatha Maria Nicolau Iliescu (FDSN)  
303. Florica Dumitrescu (FDSN)  
304. Mircea Pavlu (FDSN)  
305. Cornel Brahas (Ionel Vitu (PUNR)  
306. Eugen Barbu (PRM)  
307. Iuliu Ioan Furo (PRM)  
308. Ion Diaconescu (CDR-PNTCD)  
309. Sergiu Cunescu (CDR-PSDR)  
310. Niculae Cerveni (CDR-PNL-cd [Democratic Convention of Romania-National Liberal Party-Democratic Convention])  
311. Stelian Tanase (CDR-PAC)  
312. Otto-Ernest Weber (CDR-PER)  
313. Ion Dinu (CDR-PNTCD)  
314. Alexandru Athanasiu (CDR-PAC)  
315. Razvan Dobrescu (CDR-PNTCD)  
316. Horia Radu Pascu (CDR-PNL-cd)  
317. Constantin Gheorghe Avramescu (CDR-PSDR)  
318. Vasile Nicolae Constantin Ionescu Galbeni (CDR-PNTCD)  
319. Petre Roman (FSN)  
320. Victor Babiuc (FSN)  
321. Bogdan Marinescu (FSN)  
322. Constantin Ionescu (CDR-PNTCD)  
323. Ioan Marinescu (PRM)  
324. Mihail Paraluta (PSM)

**Iffov Agricultural Sector**

325. Constantin Ivanovici (FDSN)  
326. Gheorghe Comanescu (CDR-PNTCD)  
327. Costel Paunescu (CDR-PNTCD)  
328. Gheorghe Fition (PSM)

**Representatives of the National Minorities in the Chamber of Deputies**

The election law stipulates that organizations of national minorities that did not receive more than 3 percent of the votes have the right to be represented in Parliament if they received a total number of votes that is at least equal to 5 percent of the average number of valid votes needed for the election of a deputy. The Central Election Office set this number at 1,327 votes, a number that was received by each of the 13 organizations to which seats were given in the Chamber of Deputies, as follows:

- Bihor Electoral District: Emeric Feric, Democratic Union of Slovaks and Czechs in Romania
- Constanta: Feuzia Rusid, Turkish Democratic Union of Romania; Tasin Gemil, Democratic Union of Turkish-Muslim Tartars in Romania
- Maramures: Stefan Tcaciuc, Union of Ukrainians in Romania
- Prahova: Anton Nicolau, Greek Union in Romania
- Sibiu: Eberhard-Wolfgang Wittstock, Democratic Forum of Germans in Romania
- Suceava: Iohan-Peter Babias, "Dom Polski" Union of Poles in Romania
- Timis: Slavomir Gvozdenovici, Democratic Union of Serbs and Karasovenians in Romania; Carol Matei Ivanciov, Banat Bulgarian Union in Romania
- Tulcea: Petru Suhov, Community of Lipovan Russians in Romania
- Bucharest: Gheorghe Raducanu, Rom Party
- Bucharest: Francesco Dan Gefardi, Italian Community in Romania
- Bucharest: Varujan Vosganian, Union of Armenians in Romania

#### **Statistics on AIDS, HIV in Bucharest**

*93P20015A Bucharest ROMANIA LIBERA  
in Romanian 5 Oct 92 p 1*

[Article by Catrinel Vlad: "AIDS in Bucharest"]

[Text] Some 270 persons in Bucharest are suffering from AIDS—210 children and 60 adults—according to Dr. Alexandru Dobrescu, chief of the communicable diseases department of the Center for Preventive Medicine in Bucharest. Some 194 of these cases were recorded between 1985 and 1990, 53 in 1991, and 11 in 1992. The majority of the AIDS cases were diagnosed in 1990 but it is assumed that the persons were infected before 1989. After 1989, syringes have been used for one time only, which has considerably reduced the danger of contamination. In Bucharest, 146 carriers of the HIV virus have been recorded, 85 of whom are children.

#### **Cernavoda Plant To Operate by End of 1994**

*93BA0036A Bucharest TINERETUL LIBER  
in Romanian 25 Sep 92 pp 1-2*

[Article by Dumitru Manolache: "Cernavoda Nuclear Plant Will Generate Power!"]

[Text] The largest power generation project in Romania's history is rapidly nearing the completion of its first unit. That is why, dear readers, we thought it appropriate to tell you about the project's progress and the operations outlook at what everyone knows as the Cernavoda Nuclear Plant. The information that follows was provided by Engineer Ionel Bucur, director general of the project.

The country's initial energy plan included the joint construction with the Soviets, of a nuclear power plant composed of two 44 MW groups at Slatina, on the river Olt; but after the destructive earthquake of 1977, the negotiations were cancelled because the Soviets did not provide any seismic protection assurance for the installation. Discussions were then conducted with Canadian partners, and the practical construction of the present project began in 1979.

The Cernavoda Nuclear Plant is located at the site of a former limestone quarry that supplied the Medgidia Cement Factory with its raw material. The excavation for the first reactor was completed in 1980. Four units were planned at first, and the decision to add the fifth was made in 1985. The project extended over a period of 12 years, but as we know, the schedule was extended several times because the Romanian economy was not prepared to support such an investment. The country's communist leadership planned to produce up to 80 percent of the project's components, and a large portion of the \$1 billion credit was invested in other objectives.

Unit 1 was 40 percent complete at the time of the 1989 revolution, and all work was stopped after the revolution. Every drawing, every design for Unit 1 was verified; corrections took an entire year.

In the fall of 1990, the Romanian government invited a group of specialists from the Atomic Energy Agency in Vienna to verify the condition of the project; twelve people worked for three weeks, ending up with 140 recommendations and comments, and setting one year as the target date for their implementation. During the summer of 1991, the team returned to Cernavoda, noted that 80 percent of the recommendations were had been followed, and determined that the project and the quality of the work did meet the requirements of international standards.

In August 1991, having observed that the project could not be completed, a new contract was negotiated with the Canadian partner, assuring a credit of \$400 million. Renel, the project company, delegated a Canadian consortium to manage the activity (construction completion, assembly, start of the first unit, personnel training, and operation for one and one-half years under the consortium's responsibility). More than 200 foreign specialists are currently at the site, and 61 Romanian specialists are now in Canada for training, with 30 more expected to go by January 1993. A firm date for starting the first unit has now been set for the end of December 1994.

The reorganization of activities and the determined approach to the work have led to progress in all areas: construction is 95-percent complete, mechanical assembly is 65-percent complete, and electrical assembly and automation is 25-percent complete. The first operational tests of the Romanian equipment have been carried out, and the pressure test has confirmed the quality of the work.

Depending on the success of Unit 1, discussions will start for beginning the construction on Unit 2, and conservation work is presently underway for the other three units.

Until 1990, investments were estimated at 132 billion lei (at the 1988 exchange rate) for all five units. About 30 billion lei had been spent by the end of 1989, of which 15-16 billion for Unit 1. Added to these costs are the \$400 million assured by the Canadian partner, and another 90 billion lei (at the exchange rate of September 1990) to complete the first unit.

The plant operates with nuclear fuel obtained by processing natural uranium at Pitesti, and heavy water obtained at the Heavy Water Combine in Turnu Severin; 35 tons of this product were sent to Renel during this year.

In 1992 the government budget allocated 40 billion lei to this project; only 20 billion were offered, the rest being covered from the Renel budget.

As far as we understand, the connection of the first nuclear unit to the national power network represents 10 percent of the current power consumption.

But while everyone is optimistic about the date on which the first unit will be placed in operation, Cernavoda represents a sensitive point in the solution of difficult social problems. In a future issue of the newspaper, we will discuss all of them, as well as important dates regarding the Cernavoda Nuclear Plant.

### Problems in Relations With Neighboring States

93BA0018B Ljubljana DELO in Slovene 26 Sep 92 p 19

[Article by Romana Dobnikar-Seruga: "Friends With Sensitive Points"]

[Text] *The list of unresolved issues with the neighboring states is short, to be sure (except for Croatia), but the problems are intractable: protection of the Slovene minorities in Austria and Italy, the alleged German "minority" here, and the issue of Slovenia's inheritance in the Austrian State Treaty.*

Relations are good (or even very good), friendly, cordial, cooperative, and as between partners. These are the usual adjectives in use to describe the Republic of Slovenia's relations with the neighboring states, specifically with Italy, Austria, and Hungary (relations with Croatia, of course, are considerably more "complicated," if we describe them somewhat more diplomatically). Although they sound like worn-out polite phrases, it is completely true that we Slovenes have neighbors with friendly inclinations on at least three sides of the sky: In recent months we have generally been meeting profitably and reaching agreements with the Hungarians, the Austrians always help us out in the UN and the CSCE, and the Italians are extremely enthusiastic about economic cooperation being as intensive as possible. On the other hand, it is true that this generally friendly environment conceals a few "sensitive points" for one side or the other, which are primarily important as a warning that good-neighborness is not a comprehensible foreign policy quality in and of itself.

Recently Slovene-Hungarian relations have been extremely intensive, and undoubtedly very good. Visits at the highest levels are taking place one after another, businessmen are meeting, intergovernmental agreements are being signed as if on an assembly line, and after a long delay two important new border crossings are finally open. The states have concluded eight new intergovernmental agreements, including an agreement on defense cooperation, which by itself is eloquent proof of the level of trust that has been achieved between the states. During his visit to Ljubljana Hungarian President Arpad Goencz received in his hands a draft agreement on the protection of minorities, the signing of which should be the peak of close relations. Protection of the Hungarian minority here and the Slovene minority in Hungary is something that is very close to both sides' hearts, in contrast to the situation of our compatriots abroad in Italy and Austria or the Hungarians in Slovakia or Serbia, and a politically quite unburdensome issue. Moreover, with that kind of agreement on the protection of minorities, which was the first one written in Europe in the spirit of the Copenhagen and Helsinki agreements on minority protection, Slovenia and Hungary will be able to portray themselves before Europe as democratic states with the highest minority protection standards.

Foreign trade between the states, however, which is still quite weak, is lagging seriously behind the ideal relations

at the political level, although things will probably not always go so smoothly, since minorities, for instance, especially in specific domestic political situations, are always a sensitive topic in intergovernmental relations. Although Slovene exports to that state during the first seven months of 1992 increased by almost half, they only amount to \$30 million, and the value of Hungarian imports during that same period was \$69 million. Of course, there are still many unexploited possibilities for trade, but in the future it will be necessary to take into account the fact that our economic interests will be more competitive than complementary. For the time being relations between Ljubljana and Budapest are unburdened, since they are two rather equal partners (which does not apply to relations with Rome or Vienna), which are economically weak, as a rule complementary in their interests, and primarily because at this time both can gain the most from intensive cooperation, and not confrontation. Hungary, however, in its march toward Europe, has the same ambitions to be a bridge between East and West as Slovenia, which will have to take it into account as a serious competitor.

### "Unsafe" Slovenia

The Slovene minority community is supposed to get almost twice as much as planned (22 instead of 12 million schillings) this year from the Austrian state treasury, our Vienna correspondent Vojko Flegar writes. Of course it is possible merely to speculate about what would have happened if Austria still bordered the SFRY in the south, but such "spectacular" increases in funds for the encouragement of various minority activities were not exactly common in the past, just like the almost unanimous statements by the Austrian media that Austria has not yet fulfilled all its obligations to its minority groups, either financially or in other ways.

The reason for the Carinthian primeval fear (Urangst), as Austrian newspapers have noted in recent months, has gone away; Instead of "hated" Serbia, the neighbor is "safe" Slovenia—the Carinthian Slovenes no longer need to be afraid about their identity, the Vienna DER STANDARD wrote, for instance. In other words, from the domestic political standpoint things are now easier for the part of Austrian politics that is more "friendly" to minorities (this is predominant), and (also) in the future the Slovene minority community can expect more than when it otherwise formally had a "protector" in Belgrade.

On the other hand, it is likely that official Vienna, for domestic political reasons, will not be able to neglect some issues, even if it perhaps wanted to. Just this week, for instance, the Austrian Freedom Party members in parliament demanded that the chancellor answer a question about what Austria had done and would do in connection with protecting the property rights of the exiles (today Austrian citizens) from Czechoslovakia. Austrian citizens whose property was left in Slovenia 40 years ago or longer are also addressing the Austrian Foreign Ministry with similar questions. Austria may be more insistent on this point than on formal recognition

of the minority status of Germans, Old Austrians, and the German-speaking residents of Slovenia.

In general, we could say that Slovenia, as a "newly discovered" neighbor in Austrian eyes, is not anything special: It has a nuclear power plant, which the Austrians would rather see "extinguished," the Sostanj smokestack that should have a filter put on it, and it has what is admittedly a small market, but still by no means an insignificant one for Austria.... All of this is also possessed by the Czech lands, Slovakia, and Hungary, likewise former communist and even earlier imperial-royal provinces, which politics is not particularly worried about (except to the extent that it is currently concerned about whether Czechoslovakia will really split apart as peacefully as one would like), but it sees the economy in them as a good opportunity. Good-neighboring relations are consequently not only something self-evident, but also perhaps even an imperative, since at least at the regional level they ensure security, and at the same time increase Austria's "specific weight" in Europe (and later in the European Community). In fact, geopolitically, with the possible emergence of a Europe with two speeds (with respect to the strength of economies and currencies) or a Europe with two camps (northeastern and southwestern, headed by Germany and France, respectively), Austria could achieve the role of a "regional power."

The Foreign Ministry in Ljubljana is very reserved in answering reporters' questions about the Austrian State Treaty and the German speakers in Slovenia, since it is aware of the sensitivity of the subject, which of course would not benefit from media attention. As already clearly stated during Austrian Foreign Minister Mock's visit to Ljubljana, the Austrian and Slovene positions in connection with Slovenia's succession in the Austrian State Treaty are completely different. Whereas Vienna claims that Slovenia cannot be a signatory to that treaty (and adds that it will fulfill all the provisions with respect to protection of the Slovene minority), Slovene lawyers have stated that in accordance with that treaty's provisions, our state can succeed to the former SFRY as one of the original signatories. Although our legal position may be completely correct, it does not help us much in view of the fact that Austria is extremely sensitive about the State Treaty, which it still sees as a symbol of limited sovereignty. Perhaps Slovene diplomacy has too little understanding of this Austrian sensitivity. If it decides that it will nevertheless insist on what it is entitled to, very hard negotiations await us, as well as a cooling of the cordial relations.

Another controversial issue that is sensitive for our side is the German speakers in Slovenia (the Austrians like to use the expression "German minority," which is unacceptable to us). This topic was also officially raised by Mock, and in June the Austrian ambassador to Ljubljana, Jutta Stefan-Bastl, delivered a memorandum to the Foreign Ministry on the German-speaking minority community in Slovenia, in which Austria advocated recognition of the existence of this minority and legal

guarantees of its rights. The Slovene side has elegantly resolved the political dialogue on this topic for the time being by deciding that first of all it should be studied by experts. In any case, its positions are already intransigent: This is not a question of an indigenous minority, but rather German-speaking Slovene citizens who have all their civil rights guaranteed. Above all, Ljubljana does not intend to consent to linking this "minority" issue to the issues of denationalization.

#### International Wiretapping Incident?

In the case of Italy, there have not been any problems in connection with succession to the Osimo accords. Another question, however, is the so-called surpassing of Osimo, which has been discussed a great deal, but nothing concrete has been done yet. A renewal of negotiations on protection of the Slovene minority in Italy and the Italian one in Slovenia can be expected, however. After the tripartite minority agreement with Italy and Croatia failed to be signed, Slovene diplomacy decided to wait for a more favorable moment (for the period after the elections), and now it is getting ready to raise this topic again with Italian interlocutors and propose concluding an appropriate agreement which should give equal protection to all of our compatriots abroad in Italy. It is obvious that Slovenia has substantially more of an interest in concluding a bilateral agreement on minorities than Italy does, since the Italian minority in Slovenia is already suitably protected. In this area it is simply not possible to count on anything else but lengthy, difficult, and probably never completely finished negotiations. Finally, Ljubljana may entangle itself in new difficulties if Rome really does officially complain about the alleged wiretapping of Italian Ambassador to Ljubljana Cristiani....

Our strategy for relations with the neighboring states has been worked out, and also officially declared, but it has not been completed on individual issues, thinks Matjaz Jancar, head of the section for relations with neighboring states at the Foreign Ministry. In his opinion, with respect to this important issue an appropriate body, perhaps within the framework of the Assembly, should identify the national interest (now the Ministry only has rather general political guidelines available in its work), and then reach a national consensus, to which, for instance, all politicians and parties would adhere in their visits across the border.

It will be necessary to count on the above-mentioned sensitive points in relations with Italy and Austria as constants, for which it is not possible to find simple and quick solutions, especially since in foreign policy Slovenia can only act with the power of arguments, and not with the argument of power. Consequently, the most sensible thing is probably still for diplomats and politicians to be aware of these problems the whole time and carefully monitor the mood of our neighbors, in order to catch the right moment to negotiate. Above all, it is advisable to keep giving priority to the numerous common and specific interests which are generally no less significant in comparison with the topics of "high

politics." This has to do, for instance, with the absolutely concrete issue of a modern transportation link among Trieste, Koper, Ljubljana, and Budapest, in which Italy and Hungary are very interested. Slovenia (in addition to rival Croatia) is a transit area that cannot be bypassed. There is also Austria's interest in the construction of electric power plants on the lower Sava and Hungarian transit traffic from the Koper port. It is splendid to have friends as neighbors, but it is even better to do a good trade with them. It is therefore intolerable that Slovenia has not yet opened its own economic representations in Italy, the second most important export market, or in Austria, the fifth most important, or in Hungary, a promising market of the future.

### Law on Electoral Districts Explained

93BA0018A Ljubljana DELO in Slovene 29 Sep 92 p 2

[Article by Jana Taskar: "Only Apparently Complicated"]

[Text] *Eight electoral districts in Slovenia, and each of them will have 11 wards; the voters will essentially elect parties; a majority system introduced within the parties.*

Ljubljana, 28 Sep—Last week the deputies of all three chambers in the Slovene parliament passed the coordinated text of the law on defining the electoral districts for the election of the 90 deputies in the State Assembly. The text of the law is lengthy, and in fact lists all the electoral districts and within them all the electoral wards, which in some cases include a few of the present regional communities, and in others more than 30. The principle behind the law, in fact, is that for these elections Slovenia has been divided mathematically into electoral districts on the basis of the number of residents (the permissible deviation from the average of 249,864 is 5 percent at most), and consequently an individual electoral district includes from 5 to 11 neighboring municipalities.

For the parties or nonparty candidates who will compete in the elections for seats in parliament, the electoral districts, of course, will not be mere mathematics. Their success in the elections, in fact, will depend upon who will be a "magnet" on the candidate list and what kind of backing or support a specific party or candidate will have in an individual area. In principle a proportional system has been introduced for the elections to the State Assembly (the kind that we already had for the elections to the present Sociopolitical Chamber), and the voters will essentially elect parties. It is nevertheless somewhat different from the one in 1990, however, since the parties will receive votes through candidates. A voter consequently will not be able to circle a party, but only its candidate. At the same time a majority system has thereby been introduced within the parties, since the seat in parliament will belong to those candidates of an

individual party who receive the most votes. Specifically, at least as a rule, the law on elections to the State Assembly allows a party to distribute a few of the seats obtained to candidates on the so-called national list. This does not apply in any case, however, to the seats directly obtained in an electoral district (for each one a party has to receive 9.1 percent of the votes in an electoral district), and the rule only applies to the second round of the division at the republic level, when unused (remaining) votes will be taken into account.

There will be 10 electoral districts for the elections to the State Assembly, and Slovenia will be divided into eight electoral districts, and each of these into 11 electoral wards. To be sure, it sounds complicated, but it is not if we know that according to the Constitution two seats will belong to deputies from the Italian and Hungarian minorities, while 88 deputies will be elected in eight electoral districts, and that is why each one is divided into 11 wards.

The first electoral district includes the municipalities of Idrija, Jesenice, Kamnik, Kranj, Radovljica, Skofja Loka, and Trzic, and the headquarters of the electoral district (as a rule they have been selected on the basis of equipment and technical and administrative resources, since the district's electoral commission will work there) will be in Kranj. The second electoral district includes the municipalities of Ajdovscina, Ilirska Bistrica, Izola, Koper, Nova Gorica, Piran, Postojna—the district's headquarters will be there—Sezana, and Tolmin. The third electoral district consists of the Cerknica municipality, the Ljubljana Center municipality (the headquarters will be there), Vic-Rudnik, and Siska, Logatec, and Vrhnika. The fourth electoral district includes the municipalities of Domzale, Grosuplje, Kocevje, Litija, the Ljubljana Bezagrad municipality (the district's headquarters), and Moste-Polje, along with Ribnica. The fifth electoral district consists of Celje (the headquarters), Dravograd, Mozirje, Radlje ob Dravi, Ravne in Carinthia, Slovenj Gradec, Velenje, Zalec, and Sentjur near Celje. The sixth electoral district includes the municipalities of Brezica, Hrastnik, Krsko, Lasko, Metlika, Novo Mesto (the headquarters), Sevnica, Trbovlje, Trebnje, Zagorje ob Sava, and Crnomelj. The seventh electoral district consists of the municipalities of Maribor (the headquarters), Ruse, Slovenska Bistrica, Slovenske Konjice, and Smarje near Jelse. The last electoral district, the eighth, includes the municipalities of Gornja Radgona, Lenart, Lendava, Ljutomer, Murska Sobota, Ormoz, Pesnica, and Ptuj, where the electoral district's headquarters will be located.

The electoral district for the election of the Italian minority's deputy includes the municipalities of Koper (where the headquarters will be located), Izola, and Piran. The electoral district for electing the Hungarian minority's deputy will be Murska Sobota and Lendava, where the district's headquarters will be located.

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